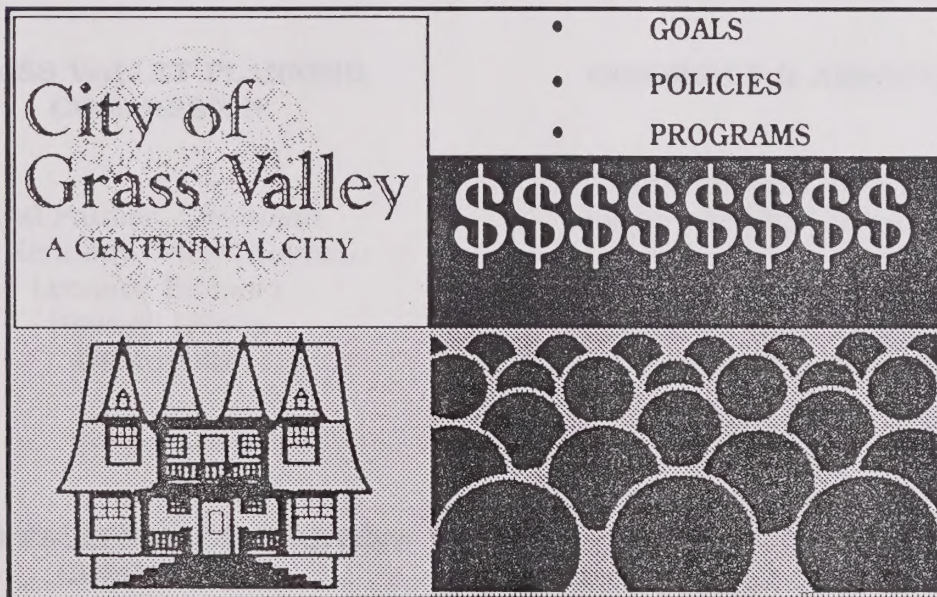


GRASS VALLEY

HOUSING ELEMENT



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CHAPTER I: INTRODUCTION

BASIS AND JURISDICTION

This Housing Element has been prepared in accordance with California Government Code, Title 7, Division 1, Chapter 3, Article 10.6, Sections 65580-65589, which were adopted by the State Legislature in 1980. Addressed are the City's current and future housing needs within the City's sphere of influence, as defined in the City's General Plan.

REVIEW AND UPDATE

According to State Law the Housing Element must be revised not less than every five years. The next legislative deadline for Grass Valley to revise its Housing Element is July 1, 1997. In addition, the City must annually monitor and evaluate its progress in meeting the goals and objectives set forth in this Element.

COMMUNITY HISTORY

Grass Valley is located at the intersections of California State Highways 20 and 49 (the Golden Center Freeway) and is the largest population center within a radius of about 35 miles. The City comprises approximately 11.5% of Nevada County's population. Grass Valley's economic base includes tourism, the provision of general urban services, retail trade from the residents and recreational visitors, and a small amount of lumber products manufacturing. To a limited extent, Grass Valley is a "bedroom community" for the Sacramento, Roseville and Marysville areas.

Grass Valley was one of the early California gold rush communities, lying in the rolling foothills of the Sierra Nevada Mountains in western Nevada County. The discovery of gold at Sutter's Mill in late 1848 brought many people to the banks of the major rivers and streams of the Sierra foothills in search of quick fortunes. Thus, Grass Valley began as a miner's tent town, one of the many historic towns created by the lust for gold.

In those days, Grass Valley was known as a wild boom town, resplendent with local folk lore of saloon brawls and ladies of ill-repute. In Grass Valley alone, more than 960 million dollars in gold was extracted from the Empire Mine and other nearby mines. As the production of the mines dwindled, however, so did the population of the town, since the local terrain could not sustain sufficient agricultural use. The downtown commercial section of the City still depicts the architectural style of the mid to late 1800s, and many of the historic buildings and homes are well-preserved and are the focus of the local tourist industry.

CHAPTER II: POPULATION CHARACTERISTICS

PRESENT AND PROJECTED POPULATION

During the twenty-year period between 1970 and 1990, the population of Nevada County increased by 194%. During the same period, the population of Grass Valley grew from 5,149 to 9,048 persons, a 76% increase. The City's average annual growth rate in the 1970s was 154 persons. For the decade between 1980 and 1990, the City's average annual population increase was 235, indicating an acceleration of growth since 1980. Population growth is projected to continue as more people are attracted to the foothills environment. According to the Department of Finance, Nevada County's population is projected to increase by 39% between 1990 and 2000.

The City considers the population count from the 1990 Census to be low, while the California Department of Finance (DOF) population projections are considered more realistic. DOF projects Nevada County's population in the year 2010 to be approximately 113,809.

**TABLE 1
POPULATION**

	1970	1980	1990	20-Year Increase in Pop	% Change 1970-90
Grass Valley	5,149	6,697	9,048	3,899	76%
Nevada City	2,314	2,431	2,850	536	23 %
Uninc. Area	18,883	44,948	65,700	46,817	248 %
Nevada County	26,346	51,645	77,500	51,154	194 %

Sources: Census of Population and Housing, 1990 Summary Tape File 1. 1970 and 1980 Bureau of the Census, Social and Economic Characteristics, California.

AGE

Grass Valley's 1990 Census results showed a slightly lower percentage of persons (one to four percentage points lower) in all age groups below 64 years compared to the State. The number of persons under 65 years of age has grown more rapidly over the past 20 years than the number of persons 65 years and older (see Table 3 below). If this trend continues, Grass Valley's age composition will approach that of the state.

The proportion of the City's population in the 65-74 age group was four percentage points higher than the state, and the 75+ age group was nine percentage points higher than the

state average. The 65 and older group represented 23% of Grass Valley's total population, which is substantially higher than the statewide percentage (10%). The large 65 and over group is due, primarily, to two factors:

- 1) a large number of middle aged citizens who have moved to Grass Valley over the past twenty years and who have now reached retirement age (these residents will likely stay in Grass Valley); and
- 2) the perception of Grass Valley as a highly desirable place for retirement, attracting residents who are already at retirement age.

As a consequence, there has been a large migration of pre-retirement- and retirement-aged people to the Grass Valley area. This migration suggests a need for careful consideration of the housing, transportation and social services needs of older adults.

TABLE 2
1990 POPULATION BY AGE
STATE OF CALIFORNIA & GRASS VALLEY

Age	State Population	Percent	City Population	Percent	City/State Difference
0- 4	2,397,715	8%	674	7.0%	- 1.0%
5-18	5,776,921	19%	1,504	16.5%	- 2.5%
19-24	2,988,346	10%	727	8.0%	- 2.0%
25-34	5,686,371	19%	1,376	15.0%	- 4.0%
35-54	7,541,890	25%	2,016	22.0%	- 3.0%
55-64	2,233,226	7%	631	6.9%	- .1%
65-74	1,857,221	6%	931	10.0%	+ 4.0%
75+	1,278,331	4%	1,189	13.0%	+ 9.0%
TOTAL	29,760,021		9,048		

Source: Census of Population and Housing, 1990 Summary Tape File 1.

It is likely that Grass Valley will continue to receive migrants from urban centers outside of Nevada County and from other parts of the county as long as there are economic opportunities for the younger age groups. Social, educational and housing needs will continue to increase, although at a lower rate than during the 80s. The 75- year old and older population will need special consideration, which will be discussed in the section on the elderly.

TABLE 3
COMPARISON OF 1970, 1980 & 1990 AGE DISTRIBUTIONS,
TWENTY-YEAR POPULATION AND PERCENTAGE INCREASES

AGE	POPULATION			POP. INCREASE	20 YEAR % CHANGE
	1970	1980	1990		
0- 4	354	468	674	320	90%
5-18	1,197	1,049	1,504	307	25%
19-24	294	659	727	433	147%
25-34	431	1,165	1,376	945	219%
35-54	1,012	991	2,016	1,004	99%
55-64	654	752	631	-23	-3.5%
65-74	664	846	931	267	40%
75+	543	767	1,189	646	115%

Sources: 1970 and 1980 Bureau of the Census, Social and Economic Characteristics, California. Census of Population and Housing 1991 Summary Tape File 1.

The changes in the population and age distribution over the past twenty-years are illustrated in Table 3. The largest single population increase is within the 25-34 age group. This segment of the population has increased 219% over the past two decades. Migration of young persons from the large urban centers to a city with a slower pace and a more natural setting to raise a family may be the leading factor in this increase, and a major contribution to the next group. The second largest increase (147%) is found within the 19-24 year old age group. Grass Valley is the largest city within Nevada County and, therefore, may offer greater economic opportunities for young persons than other communities in the county. One might expect that, given the substantial increase in young adults, there will be a concurrent increase in families with children over the next ten years.

The third largest age-group increase (118%) occurred among persons 75 years and over, and can be attributed to the number of older adults who migrated to Grass Valley over the past twenty or thirty years and who remained to fulfill their retirement years. The fourth largest increase (99%) occurred among persons 35-54 years old. Again, the growth in this group can be attributed to migration. There was also substantial increase among very young children (0 to 4 years).

The birth rate for the City has almost doubled over the past twenty-years, reflecting the large number of young couples who moved to Grass Valley to start a family in a rural community. One factor to be considered is the rather large number of teenage pregnancies. For the County, teenage pregnancies are estimated to result in 50 babies born to teenagers per school semester.

The 55-64 year old age group actually increased between 1970 and 1980, by a total of 98 persons; however the group's population fell by a total of 121 persons between 1980 and 1990. The overall twenty year change is a -3.5%. Grass Valley may have reached an apex of rapid growth as a retirement area and this age group could be migrating and settling elsewhere just before retirement.

ETHNIC CHARACTERISTICS

In 1990, 7% of the residents of Grass Valley were members of racial or ethnic minority groups. The total ethnic breakdown presented in the 1990 Census was: 92.8% White, 3.9% Hispanic, 1% Native American, .9% Asian-Pacific Islander, .1% Black, and .4% members of other groups. Racial and ethnic minority groups have increased only 1.58 percentage points since 1980. Grass Valley continues to be a predominately white community. Historically, Grass Valley has not been a center for minority groups. Traditionally, most northern foothill communities have not offered economic opportunities, such as agriculture and manufacturing, which would attract some racial or ethnic minorities.

TABLE 4
ETHNIC & RACIAL MINORITIES

1980			1990		
% and POPULATION			% and POPULATION		
2.3%	156	Hispanic	3.9%	358	
1.3%	91	Native Amer/Aleut	1.0%	144	
.6%	44	Asian, Pacific	.9%	84	
		Islander			
.02%	2	Black	.1%	13	
<u>.5%</u>	<u>37</u>	Other	<u>.4%</u>	<u>44</u>	
4.72%	330	TOTALS	6.3%	643	

Sources: 1980 Bureau of the Census, Social and Economic Characteristics, California. 1990 Census Summary Tape File 1.

GROUP QUARTERS

According to the 1990 census, only one group was housed in group quarters, and that was the elderly. There are no mental, or criminal institutions within the City of Grass Valley. The 1990 census states that there were 259 persons, or 2.9% of the City's population, in nursing homes or convalescent centers.

Direct contact with operators of elderly homes and convalescent facilities in Grass Valley revealed that this group has been under counted. There are currently 7 nursing homes/convalescent centers with a total capacity of 528. Some are full with waiting lists, while others may have five to ten vacant beds or rooms. The average vacancy is seven beds per facility. By subtracting 49 (seven-bed average vacancy multiplied by seven facilities) from the total bed capacity of 528, the result is 479, or 220 persons more than the 1990 Census count. According to a list provided by Gold County Telecare Inc., there are 11 small bed and board homes with a capacity for approximately 100 senior citizens. Bed and board homes may serve from 3-15 persons each.

TABLE 5
NURSING HOMES AND CONVALESCENT CENTERS

NAME	CAPACITY	VACANCIES
Golden Empire	150	none
Sierra View	60	none
Grass Valley Convales. Center	59	5
Hilltop Estates	84	9 (a)
Meadow View	99	5 (b)
Oak Park	27	none
Spring Hill	<u>49</u>	none
TOTAL in care	528	
Average 7 bed vacancy x 7 large centers =	<u>- 49</u> 479	
Eleven small bed and and board homes with approximate capacity	<u>+100</u> 579	
		TOTAL AVERAGE YEARLY POPULATION

(a) The 1990 Census surveyors designated Hilltop Estates as an apartment house and not a nursing home. Hilltop Estates has been included in the list of nursing homes and convalescent centers because it represents a truer picture of the number of seniors in a group home situation.

(b) Oak Park Nursing Home is outside the City limits, but it is within the City's sphere of influence. It is not a large nursing home, but it is a senior group home situation, and a possible choice for the City's residents.

Sources: Information compiled from telephone interviews conducted September 23, 1991 and care center lists provided by Gold County Telecare Inc., Nevada Housing Development Corp., and the Senior Citizen Foundation.

As previously stated, the 65 and older group constitutes 23% of the City's population. Approximately 579 senior citizens are in group home care facilities. Those in group quarters comprise 6.3% of the 1991 population. As seniors pass from a self sufficient and independently housed stage into a dependent and group quarters setting, they will need increased medical care, and help in settling their affairs and personal assets. They will need to know that there are affordable nursing and care facilities available. The facilities presently available in the City cannot meet 100% of the demand, but this "shortage" will likely change within the next ten years as the population of older adults requiring assisted living environments stabilizes.

Local resources that the City of Grass Valley could use to increase assisted-living facilities for older adults include the use of its redevelopment tax-increment funds, the provision of technical assistance to other entities in applying for state or federal programs, and the cultivation of a cooperative relationship with private, for-profit elderly housing providers.

CHAPTER III: HOUSEHOLD CHARACTERISTICS AND SPECIAL HOUSING NEEDS

HOUSEHOLD COMPOSITION AND SIZE

A group of people living together in a residence constitutes a household. Household characteristics which are relevant to the analysis of housing needs include: size, income, overcrowding, age and gender of householder, tenure, and family status. A "householder" is the person in whose name the home is owned, being bought, or rented. A family household constitutes two or more persons living together who are related by birth, marriage or adoption. The number of family households always equals the number of families. A family household may also include non-relatives living with a family, however.

In 1980, there were 3,037 households within the City of Grass Valley. According to the 1990 census, the City had a total of 4,148 households. This represents a growth of 1,111 households, or 36.5% for the decade. There were 1,708 owner households and 2,440 renter households in 1990.

TABLE 6
1980 & 1990 HOUSEHOLD POPULATIONS

	1980	1990	% Change
All Households	3,037	4,148	36.5%
1-Person Household			
Male	367	492	34.0%
Female	781	1,098	40.5%
2 or More Persons			
Family Households	1,701	2,280	34.5%
Married Couple Family	1,296	1,562	20.5%
Other Family			
Male Householder--No Spouse			
With Related Children	41		
Without Related Children	93		
Sub-total	78	134	72.0%
Female Householder--No Spouse			
With Related Children	451		
Without Related Children	133		
Sub-total	327	584	78.5%
Non Family Household			
Male	128	146	14.0%
Female	60	132	120.0%

Source: 1990 Census, STF-1.

The breakdown of household types illustrates percentage increases ranging from 14% to 127%. The largest percentage increases were among single parent households and non-family female households.

**TABLE 7
NEVADA COUNTY
INTERIM HOUSEHOLD PROJECTIONS, 1990-2005,
POPULATION, HOUSEHOLDS & PERSONS PER HOUSEHOLD**

	1990	1995	1990-95 Percentage	
Household Population	78,510	93,700	+19.3%	
Households	30,758	37,400	+21.5%	
Person per Household	2.51	2.51	0%	
	1995-2000 2000 Percentage		2000-2005 2005 Percentage	
Household Population	108,500	+15.7%	122,900	+13.2%
Households	43,500	+16.3%	49,600	+14.0%
Persons per Household	2.50	-.01%	2.48	-.02%

Source: DOF May 1991 Interim Household Projections for California Counties.

The number of persons per household has remained virtually the same since the 1980 Census: 2.13 persons per household in 1980 compared to 2.11 in 1990. Grass Valley has fewer persons per household than does the county (2.51). A large single household population (especially single women) in Grass Valley accounts for the smaller average household size.

In May of 1991 the Department of Finance released its Interim Household Projections for Counties. DOF predicts that the population of Nevada County will continue to increase, but that growth in the County will taper off after the year 2000. The Department's estimate of the number of persons per household also shows a decline after the year 2000.

EMPLOYMENT

According to the 1990-91 Nevada County Factbook for Economic Development, produced by the Nevada County Chamber of Commerce, the county is rated as third in the state for job growth. Since 1983, approximately 8,500 new jobs have been created, mostly in manufacturing, service, retail, and construction jobs.

The Employment Development Department (EDD), in its Annual Planning Information report published in June 1991, projected that Nevada County employment will expand

between 1989 and 1996 by 3,450 jobs. Employment is expected to expand moderately in most industry divisions, led by growth in services, retail trade and manufacturing. These projections were prepared before the full effects of the 1991-92 recession were known to EDD, and the national recession has the capacity to stifle local economic and employment opportunities. There have already been moderate reductions in defense-related electronics employment in Nevada County since the EDD report was compiled.

The 1990 Census shows that most Grass Valley residents in the labor force were employed in retail trades (22%), durable and nondurable goods manufacturing (14.8%), construction (12.1%), health services (8.8%), and finance, insurance and real estate (6.0%). The 1990 Census offers a view of how residents reported their types of jobs (please see Table 8). Within these industries, the occupations held were predominately service oriented (15.4%), administrative/ clerical (15%), precision production and repair (15.6%), sales (13.5%), and managerial (9.5%).

The 1990 suggests that most of Grass Valley's employment was generated from services supporting the needs of the area's population, from tourism, and from goods production. The changes from the 1980 Census are very slight, and may not represent major shifts in the immediate future. The proportion of service occupations decreased four-percentage points, while administrative and managerial jobs fell only one-percentage point as a percentage of all jobs between 1980 and 1990. Precision production and repair gained almost two-percentage points, and the proportion of sales jobs remained virtually the same according to the EDD report. Recent cutbacks in defence spending is expected to reduce the rate of growth in defense electronics production jobs, however.

TABLE 8
EMPLOYMENT BY INDUSTRY AND OCCUPATION

INDUSTRY

%	#	
3.1	116	Agriculture, Forestry and Fisheries
0	0	Mining
12.1	446	Construction
3.9	146	Nondurable Goods Mfg
10.9	401	Durable Goods Mfg
2.5	93	Transportation
3.0	110	Communications & Other Public Utilities
3.3	122	Wholesale Trade
22.0	813	Retail Trade
6.0	220	Finance, Insurance, Real Estate
5.3	196	Business & Repair Services
1.6	61	Entertainment & Recreation Services
8.8	324	Health Services
3.1	117	Educational Services
5.0	184	Other Professional & Related Services
3.3	122	Public Administration
5.3	197	Personal Services

OCCUPATION

9.5	352	Executive, Administrative, Managerial
9.4	347	Professional Specialty
3.4	127	Technicians & Related Support
13.5	496	Sales
15.0	549	Administrative Support, Including Clerical
0	0	Private Household
1.6	59	Protective Service
15.4	566	Service, Except Protective & Household
3.0	112	Farming, Forestry, & Fishing
15.6	573	Precision Production, Craft & Repair Services
5.1	190	Machine Operators, Assemblers, & Inspectors
3.0	112	Transportation & Material Moving
5.0	185	Handlers, Equipment Cleaners, Helpers & Laborers

Source: 1990 Census, STF-3.

Employment in Grass Valley can be viewed in two tiers. The three predominant 1990 occupations were: precision production craft and repair services, other service occupations (excluding household and protection services), and administrative and support services, including clerical. The second level of well-represented occupations include: executives, administrators, managers, professional specialists, machine operators, assemblers, and inspectors.

The 1990 Census stated that 59% of employed persons (16 years and older) spent 14 minutes or less commuting to work. There were 140 persons who stated that they did not commute, but worked at home. The mean travel time for those who resided in the City was 17 minutes. As mentioned earlier, Grass Valley also serves as a commuter community for centers of employment in Placer, Yuba, and Sacramento counties. According to the 1990 Census, approximately 41% of Grass Valley citizens spend 15 minutes or more commuting to work, most probably to the Auburn area, Marysville or Sacramento. Table 9 shows a breakdown for Grass Valley.

**TABLE 9
TRAVEL TIME TO WORK
FOR GRASS VALLEY RESIDENTS**

Minutes	Persons	%
0-14	2,041	59%
15-29	703	20%
30-44	429	12%
45-90+	296	9%

Source: 1990 Census, STF-3.

Of those Grass Valley residents in the labor force, 3.4% were unemployed at the time of the 1980 Census. In 1985, a Community Needs Survey of approximately 38% of the City's population indicated a 2% unemployment rate. The actual 1986 unemployment rate for the Grass Valley-Nevada City area was 7.8%.

The EDD does not maintain records or monitor all persons who are unemployed, because the department monitors only those who apply for unemployment compensation and meet the criteria for assistance. Employment and unemployment statistics offer only a "snap shot" glimpse of what was correct and true for that given time. However, statistics from the EDD can still offer an overall impression of local employment trends for the Grass Valley-Nevada City area.

The civilian labor force is defined as all able-bodied persons 16 years of age or older. The percentage of employed persons is based on those who are actually working, in contrast to the total labor force. Unemployment figures are based on the number persons who are

actively looking for work, which is a lower percentage than the total proportion of non-working and under-employed individuals in the labor force.

TABLE 10
EMPLOYMENT & UNEMPLOYMENT 1985 - 1990
NEVADA COUNTY AND THE GRASS VALLEY - NEVADA CITY AREA

	Civilian Labor Force	Employment	Unemployment Number	%
1985				
California	12,985,600	12,051,700	933,900	7.2
Nevada County	26,075	23,925	2,150	8.3
Grass Valley- Nevada City	4,350	3,950	400	9.0
1986				
California	13,333,400	12,443,500	889,900	6.7
Nevada County	27,275	25,325	1,950	7.1
Grass Valley- Nevada City	4,525	4,175	350	7.8
1987				
California	13,727,500	12,937,000	790,500	5.8
Nevada County	28,950	27,225	1,725	5.9
Grass Valley- Nevada City	4,800	4,500	300	6.5
1988				
California	14,133,000	13,385,000	748,000	5.3
Nevada County	30,900	29,000	1,900	6.1
Grass Valley- Nevada City	5,125	4,775	350	6.7
1989				
California	14,517,400	13,780,000	713,400	5.1
Nevada County	32,475	30,675	1,800	5.6
Grass Valley- Nevada City	5,400	5,075	325	6.1
1990				
California	14,669,900	13,846,500	1,823,400	5.6
Nevada County	32,250	30,475	1,775	5.5
Grass Valley- Nevada City	5,350	5,025	325	6.0

Source: Employment Development Department, Report 400R-N, 1986-1991.

Employment in the state rose 14% over the six-year period between 1985 and 1990. Employment in Nevada County and the Grass Valley-Nevada City areas rose 27% during the same time period. The six-year average annual unemployment rate for Grass Valley was 7%, while the county's average annual rate was 6.4%. The number and the percentages of unemployed persons have gradually decreased over the six-year period for the state, the county, and the Grass Valley-Nevada City area.

The Grass Valley-Nevada City area has experienced a larger increase in the levels of employment, than the increase of the general civilian labor force. Consequently, the level of unemployment has dropped 3 percentage points between 1985 and 1990. Table 11 shows the increases and percentages for 1985 through 1990.

TABLE 11
EMPLOYMENT, 1985 - 1990
NEVADA COUNTY & GRASS VALLEY-NEVADA CITY AREA

	Nevada County	Grass Valley- Nevada City
Increase in the Civilian Labor Force		
Population	6,175	1,000
Percentage	25%	23%
Increase in Employment		
Population	6,550	1,075
Percentage	27%	27%
Average Yearly		
Labor Force Population	29,654	4,925
Employment Population	27,770	4,583
Average Yearly Increase		
In the Labor Force	1,029	166
In the number of employed	1,091	179
Average Percentage of Unemployment per Year	6.4%	7.0%
Average number of Unemployed per Year	1,883	341

Note: Table 11 covers a six-year period, 1985-1990.

Source: Employment Development Department, Report 400R-N, 1985-1991.

According to the EDD figures, the Grass Valley-Nevada City area had 75 fewer persons unemployed in 1990 than in 1985. The civilian labor force increased 19%, while there was a 19% reduction in those who were unemployed from 1985 to 1990. As of 1990, more jobs have come into the area and more people are employed than in 1985. However, the employment picture changed dramatically in 1991 with the onset of severe economic recession.

Before the recession became entrenched, EDD projected that for the forecast period of 1989-1996, the Nevada County service industry would experience the highest rate of growth. This sector was expected to gain 1,375 jobs by 1996, a growth rate of 28.6%. Health services was expected to experience the most rapid growth within the service sector, and still may, just to keep up with the needs of the population. The County's increasing popularity as a vacation and recreation area may expand the demand for amusement, business and some hotel and lodging services, resulting in significant job growth within these sectors.

The retail trade was projected to be the second fastest growing industry sector for the County. A projected employment growth rate of 19.4% may be driven by a rise of employment in eating and drinking establishments. Of an overall gain of 900 jobs in the retail trade sector, half will occur in this category. This is in part due to the steady upward demand for retail goods by the area's increasing population.

Manufacturing employment growth in Nevada County will be moderate, with employment in electrical machinery firms experiencing the fastest rate of growth in the industrial sector. The bulk of the job growth is projected to occur in the industrial sector which manufactures products for health, entertainment and business service companies. The lumber and wood sector is projected to decline substantially in employment.

Government is the second largest employer in the County. Over the projection period, government employment is expected to increase by 425 jobs. It is possible that this increase may be driven by an expansion in education.

Finance, insurance, real estate and wholesale trade will expand at a moderate rate to meet the expanding needs of the growing community. The expected growth rate of these industries will be approximately 13%. Employment levels in mining, agriculture, forestry/fishing and construction sectors is expected to remain unchanged, while transportation and public utilities is projected to decline by approximately 25 positions.

Grass Valley is the county's largest community and, as such, it will offer the most in employment opportunities. The tourist industry provides one-third share of the community's basic revenues. The positive aspect is that tourism generates employment opportunities, but the less attractive aspect is that tourism creates mostly low-wage service employment, and the employment tends to be seasonal. Tourism is also one of the first industries to suffer from recessive trends in the economy. Seasonal employment, or large fluctuations in revenue generation can make it very difficult to maintain payments on a mortgage or pay rent.

Much of the job growth has been, and will continue to be in the service sector. This sector generally provides low wages, thus creating low to moderate income jobs. This type of employment growth is not expected to generate a substantial demand for housing other than a need for very-low and low income rental units. The population of Nevada County is capable of providing a work force for the projected growth in service jobs, especially from within the ranks of the 16 to 24 year old age group, without the need to attract new residents to Grass Valley to fill these jobs.

Economic diversity is to be encouraged. The recent ten-year increase in durable goods manufacturing and the expansion of the local health services industry have served to balance the cyclical and seasonal tour industry revenues.

Overall, the EDD employment projection for Nevada County reflects a slowing economy and a slowdown in area population growth. The primary impetus to the economic build-up during the last decade was commercial and residential development, providing growth and diversification to Nevada County's economy. According to EDD, a plateau has been reached and the county is currently in a period of stabilization. The slowdown in national and state economic growth has also influenced the local economy. As a consequence, one could conclude that employment creation will not be the primary factor driving population growth in the Grass Valley area, but that local retail and service employment will follow population growth.

The following table lists wage ranges for six sectors of employment and 14 job categories. Most, but not all of the jobs start out at minimum wage or slightly higher. The higher paying jobs, for experienced new hires, are in nursing, computer operation, secretarial services, machine operation and carpentry. Of all of the job categories, the average wage for a new hire with experience is only \$7.50, or just \$3.25 above minimum wage.

TABLE 12
PROJECTED 1989-1996
WAGE RATES AND FRINGE BENEFITS
NEVADA COUNTY

SERVICE	New Hires, No Experience (per hour)	New Hires Experienced (per hour)	Experienced 3 years w/firm (per hour)
Child Care Workers	4.25 - 5.50	\$4.25 - 6.00	\$5.00 - 8.00
LVN	\$7.00 - 11.00	\$7.50 - 13.50	\$8.00 -15.00
Medical Assistants	\$5.00 - 7.00	\$5.25 - 9.00	\$6.75 -10.50
RETAIL			
Restaurant Cooks	\$4.25 - 7.00	\$5.00 - 8.25	\$6.25 -11.50
Hotel Desk Clerks	\$4.75 - 5.75	\$5.00 - 6.00	\$6.00 - 8.50
Salespersons	\$4.25 - 6.00	\$4.25 - 8.00	\$5.00 -10.00
GOVERNMENT/BUSINESS			
Computer Operator	\$5.00 - 10.00	\$6.00 - 11.00	\$8.00 -14.50
Secretaries	\$6.00 - 11.00	\$6.50 - 12.50	\$7.50 -14.00
Typists/Word Processors	\$5.00 - 8.00	\$6.00 - 12.00	\$7.00 -14.00
INDUSTRIAL/MANUFACTURING			
Machinists	\$4.25 - 7.50	\$6.00 - 12.00	\$9.50 -18.25
Electrical/Electronic Equipt. Assemblers	\$4.25 - 5.50	\$4.25 - 7.00	\$5.50 - 9.25

TABLE 12
(Continued)

FINANCIAL/INSURANCE

Bookkeeping Accounting & Audit Clerks	\$5.00 - 10.00	\$5.30 - 10.50	\$7.00 -14.00
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CONSTRUCTION

Carpenters	\$5.50 - 10.00	\$7.50 - 15.00	\$10.00-20.00
Painters, Paperhangers, Construction & Maintenance	\$5.00 - 8.00	\$6.00 - 10.00	\$7.50 -15.00

ALL CATEGORIES \$4.96 - 8.01 \$5.62 - 10.05 \$7.07 -13.03

Source: EDD Annual Planning Information, Nevada County, June 1991.

INCOME

The 1980 Census, 1990 Census, California State Department of Finance (DOF) and the Sierra Planning Organization (SPO) were used as sources of information on household income. For purposes of analysis, the population is divided into four income groups: "very low-income", representing 50% or less of the Nevada County median income; "other low-income", representing 50% to 80% of median income; "moderate-income", representing 80% to 120% of median income; and "above moderate-income", representing more than 120% of median income.

In 1980, the "very low" and "other low" income categories were less than \$12,000 a year. In 1990, these two categories included households with incomes of \$25,760 or less. According to the 1990 Census, approximately 60% of the City's households (2,509) were low-income.

TABLE 13
HOUSEHOLD AND FAMILY INCOME
FOR GRASS VALLEY AND NEVADA COUNTY, 1990

	Number of Households		Number of Families	
	<u>City</u>	<u>County</u>	<u>City</u>	<u>County</u>
0 - \$4,999	218	1030	89	515
5,000 - 9,999	793	2222	266	899
10,000 - 12,499	241	1327	78	642
12,500 - 14,999	275	1259	133	735
15,000 - 17,499	291	1293	151	901
17,500 - 19,999	189	1366	105	890
20,000 - 22,499	207	1428	147	1017
<hr/>				
22,500 - 24,999	229	1408	112	1028
25,000 - 27,499	216	1514	98	1149
<hr/>				
27,500 - 29,999	168	1124	97	830
30,000 - 32,499	196	1628	23	278
<hr/>				
32,500 - 34,999	136	948	70	723
35,000 - 37,499	133	1358	106	1094
<hr/>				
37,500 - 39,999	134	1071	134	993
40,000 - 42,499	104	1237	77	1038
42,500 - 44,999	55	956	37	796
45,000 - 47,499	44	920	37	842
47,500 - 49,999	98	756	72	656
50,000 - 54,999	96	1619	72	1420
55,000 - 59,999	103	1118	112	976
60,000 - 74,999	148	2361	122	2019
75,000 - 99,999	52	1549	43	1332
100,000 -124,999	32	561	20	466
125,000 -149,999	9	316	9	283
150,000 or More	7	438	7	392
<hr/>				
TOTAL	4,174	30,807	2,317	22,914

KEY:

_____ Household Median for the City = \$20,966.
===== Family Median for the City = \$26,977.
+++++ Household Median for the County = \$32,200.
***** Family Median for the County = \$36,942.

Source: 1990 Census, STF-3.

The 1990 Census revealed that 60% of all households in Grass Valley were low-income, 20% were moderate-income, the remaining 20% were above-moderate income. County-wide, 39% of all households were lower-income, 21% were moderate-income, and the remaining 40% were above-moderate income. Compared to the County, then, Grass Valley has a substantially larger low-income population.

Results from the 1990 Census count show that 14% of the City's total population fell below the federally-defined poverty level, compared to less than 8% for all persons in Nevada County. Single mother families (48%) constituted the largest single family subgroup living below the poverty level, while 44% of single parent families were at or below the poverty level in 1990.

TABLE 14
GRASS VALLEY POVERTY STATUS IN 1989

HOUSEHOLDS				
Age	At, or Above Poverty		Below Poverty	
0-17	1,596	79%	428	21%
65+	1,769	92%	153	8%
Total Population	7,598	86%	1,212	14%
FAMILIES				
Single Parent	494	56%	394	44%
Single Mother	382	52%	347	48%
Married Couple	1,596	79%	423	21%
All Families	1,102	97%	29	3%

Source: 1990 Census, STF-3.

TABLE 15
INCOME LEVELS
BY NUMBERS OF HOUSEHOLDS

	<u>Very Low</u> <u><\$16,100</u>	<u>Low</u> <u>\$25,760</u>	<u>Moderate</u> <u>\$38,640</u>	<u>Above Mod.</u> <u>>\$38,640</u>	<u>Total</u> <u>Households</u>
Grass Valley	1656/39%	853/21%	846/20%	820/20%	4174/100%
Nevada Co.	6407/21%	5380/18%	6611/21%	12409/40%	30807/100%

Source: 1990 Census, STF-3.

The federal Department of Housing and Urban Development (HUD) publishes a formula-generated income estimate for each county to delineate levels of income eligibility for government housing aid. According to the Department's May 1992 Income Eligibility Limits, published by HUD and utilized by HCD, the median income of Nevada County was determined to be \$35,400 for a family of three. One-half of the estimated population is above and the other half of the population is below the median and base determinant for a family of four. The yearly income levels presented in Table 16 are derived by formula, but they can also be a practical guide for basic income levels.

TABLE 16
1992 INCOME ELIGIBILITY LIMITS
FOR NEVADA COUNTY

	<u>Household Size</u>				
	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>
Very Low Income	13,750	15,700	17,700	19,650	21,200
Lower Income	22,000	25,150	28,300	31,450	33,950
Median Income	27,500	31,450	35,400	39,300	42,450
Moderate Income	33,000	37,750	42,450	47,200	50,940

Note: bold indicates County median for a family of three.

Source: The Department of Housing and Urban Development utilized by the California Department of Housing and Community Development, June 1992 Income Eligibility Limits.

TABLE 17
NEVADA COUNTY
1990 HOUSEHOLDS BY INCOME CATEGORY

	Very Low	Other Low	Moderate	Above Mod.	TOTAL
Grass Valley	1,618 (39%)	705 (17%)	871 (21%)	954 (23%)	4,148
Nevada City	496	187	219	387	1,289
Balance of County	<u>5,875</u>	<u>3,418</u>	<u>5,368</u>	<u>10,660</u>	<u>25,321</u>
TOTAL	7,989	4,310	6,458	12,001	30,758

Sources: Regional Housing Allocation Plan for Sierra Planning Organization, Adopted October 2, 1991, and Amended December 4, 1991, (page 8).

TABLE 18
NEVADA COUNTY
HOUSEHOLD INCOME PROJECTIONS
NEVADA COUNTY

	<u>1980</u>	<u>1990</u>	<u>1990 Census</u>
Very Low	\$ 0 - 14,860	\$ 0 - 17,150	\$ 0 - 16,100
Other Low	\$14,861 - 18,565	\$17,151 - 27,440	\$16,101 - 25,760
Moderate	\$18,566 - 22,785	\$27,441 - 41,160	\$25,761 - 38,640
Above Moderate	\$22,786 -	\$41,161 -	\$38,641 -

Source: 1980 Census, and Sierra Planning Organization Projections.

The above text and tables offer a basic idea of income levels, and projections from the 1980 Census.

HOUSING AFFORDABILITY

The relationship of the cost of housing and the ability to afford housing is a primary concern in the examination of a housing market. The common standard, to date, of gaging housing affordability is that no more than 30% of household income should be allocated for housing. Households paying more than 30% of income for housing are said

to be "overpaying". For households residing in Grass Valley, the relationship of household incomes to housing costs can be found in the following table.

TABLE 19
GRASS VALLEY HOUSEHOLDS OVERPAYING IN 1990

	Number Overpaying	Total Lower Income Households	% of All Lower Income Households
Renters	1,338	1,197	90.0%
Homeowners	283	146	52.0%
TOTAL	1,621	1,293	80.0%

Source: 1990 Census, Based on 1991 Nevada County Median Household income of \$32,200. HCD, "Methodology for Calculating Lower Income Overpayment".

TABLE 20
HOUSEHOLD INCOME
BY SELECTED MONTHLY OWNER COSTS,
AND GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME

OWNER - PERCENT OF HOUSEHOLD INCOME

Income	0-19%	20-24%	25-29%	30-34%	35% +
Less than \$10,000	58	8	33	0	61
\$10,000-19,999	149	39	26	8	48
\$20,000-34,999	183	30	66	30	46
\$35,000-49,999	121	45	13	32	42
\$50,000 or More	207	75	0	5	11
TOTAL UNITS	718	197	138	75	208

RENTER - PERCENT OF HOUSEHOLD INCOME

Less than \$10,000	7	22	35	80	560
\$10,000-19,999	49	41	71	102	378
\$20,000-34,999	154	140	167	93	109
\$35,000-49,999	90	121	15	0	16
\$50,000 or More	95	18	0	0	0
TOTAL UNITS	395	342	288	275	1,063

Note: The not computed category totals 13 for the owner-percent of household income, and 77 were not computed in the renter category.

Source: 1990 Census, STF-3.

In 1990, there were 1,338 renters who stated that they were paying 30% or more of their income for housing expenses, in contrast to 283 home owners paying 30% or more of their income towards monthly housing costs. Since 1980, there has been a large increase in the numbers of renters (458) paying 35% or more of their income towards housing costs. The number of owners (22) paying 35% or more of their income towards housing costs increased slightly in the ten-years between the Census counts.

ELDERLY HOUSEHOLDS

Grass Valley has a large 65 year-old and older population. In 1980, the total population of this group was 1,613; ten years later, the 65 year old and older population increased to 2,120, or 31% for the decade. The 65-year old and older group represents 45% of the household population (not including those housed in group quarters). The household population of 2,120, less those in group quarters, equals 1,866.

The single largest household type (for householders over 65 years of age) is single females. According to the 1990 census, there were 713 non-family female over 65 years of age householders, or 38% of the 65 and older population. This group comprises 17% of Grass Valley's total household population. The extent of unmet need for adequate housing is difficult to quantify; however, many of those on the County Housing Authority's two-to-five-year waiting list for Section 8 rental assistance are senior citizens.

Grass Valley has become a desirable retirement community. While older persons moving to the City may, for the most part, be healthy and economically independent at the time of their relocation, as this population ages, the need for support will increase. As these older residents age and experience a reduction in physical capacity, regardless of their financial status, they will require increased supportive services as a part of their living environment. Planning for the provision of services, such as transportation, care facilities, support services and medical care in an area of such high concentration of senior citizens is appropriate.

Sixty percent of the 65 and older population own their homes, compared to only 41 percent of all households. Older adults are much more likely to be homeowners than the general population. One cautionary note--a percentage of the senior group may be in effect, "house rich and income poor".

TABLE 21
1990 HOUSEHOLDERS 65 YEARS OLD & OVER

	1980	1990	% Change	
FAMILY HOUSEHOLD				
Householder		410	507	23%
Spouse		282	382	36%
Other Relative		67	56	-16%
Non-relative		6	6	0%
NONFAMILY HOUSEHOLD				
Male Householder				
Living Alone			153	
Not living Alone			<u>9</u>	
SUB-TOTAL		113	162	43%
Female Householder				
Living Alone			713	*
Not living Alone			<u>16</u>	
SUB-TOTAL		520	729	40%
Nonrelative		<u>24</u>	<u>24</u>	<u>0%</u>
TOTAL HOUSEHOLDS		1,422	1,866	
Group Quarter		183	259	** 39%

* The Female Householder = 38% of the 65-year old and older population.

** As discussed previously in the Group Quarter section, this is not an accurate count.

Source: 1980 U.S. Census and the 1990 U.S. Census STF 1.

FEMALE-HEADED HOUSEHOLDS

When the U.S. Census forms are mailed, whomever completes the forms can call himself or herself the "head of the household". Consequently, the Census reports on the number of female-headed households merely shows the number of households in which a female indicated she was the head of household. The relevance of evaluating the needs of female-headed households, in particular, is to evaluate that segment of this household group which cannot compete for market rate housing. The analysis in this section will focus on single mothers, therefore, since this is the population sub-group of female-headed households with special needs.

According to the 1980 census, Nevada County had 4,044 female-headed households, or 20% of the total household population. In 1990, Nevada County had a total of 6,849 female-headed households, or 22% of the total number of county households. For the

county, the number of female heads of household increased 69% in ten years. Grass Valley has a significantly larger percentage of such households--a total of 1,814 female-headed households, or 44% of all households in the City. Almost one half of the household population is headed by females. This is an overall increase of 64% for the decade. Sixty-one percent of the City's female-headed households are in the 64-year old and younger age range.

Single Mother Households

According to the 1990 Census, there were 451 (11%) households of single mothers with children 18 years old and younger. The single mothers sub-group represents 11% of the household population. The number of households headed by single females with children has far-reaching implications in terms of the need for affordable and available child care, housing, recreation and other social services.

In 1980, approximately 327 (11%) of the City's households consisted of single mothers. Between 1980 and 1990, the number of single mothers increased 38%.

Counties and towns nestled in the Sierra foothills offer a highly desirable environment which attracts people from northern urban centers as well as from Southern California. Young families seek out rural areas in order to offer their children a better life, and to escape the urban problems of overcrowding, pollution and crime.

Young professionals commute and work in Sacramento, Marysville, Roseville or even the Bay Area. Many families are unprepared for the limited number of available jobs and the lower wages in the foothill communities. According to the Social Services Department, middle and lower income families do not easily survive the economic reality of a rural community, resulting in high numbers of families, particularly single mothers, on welfare and Aid to Families with Dependent Children (AFDC).

According to the Department of Social Services report Public Welfare in California, the numbers of program recipients decreased during the 1988-1990 period. These statistics do not account for the large cut-backs in assistance. The number of people applying for public assistance programs has increased over the past six years, while the amount of public services and assistance money has declined. There are long waiting lists for subsidized housing. According to the Nevada County Housing Development Corporation, its April 1992 waiting list included the following:

- ▶ 143 families waiting for a 2 bedroom apartment,
- ▶ 23 Families waiting for a 1 bedroom apartment and
- ▶ 18 families waiting for a 3 bedroom apartment.

These families have applied and are considered eligible for Section 8 rental assistance vouchers. These persons are considered eligible either by income or by the fact that they are low income: 62 years old or older, handicapped and/or disabled. The wait for low-income assisted housing is estimated to be 18 months to two-years for the more numerous one- and two-bedroom apartments. There are very few three-bedroom

vouchers, so these families will be moving into smaller units, if and when they become available. All section 8 vouchers have been distributed for 1992. The Nevada County Housing Authority is in the process of applying for more Section 8 rental assistance vouchers.

A basic conclusion from interviews with social service agencies in Grass Valley is that the large cut-backs have created the lower number of persons receiving public assistance, and not that there are fewer persons applying for, and needing aid. The more interesting statistic would be the number of persons who applied for aid, and did not receive assistance. Unfortunately, social service agencies do not track the people who apply for assistance and are turned down. The following table provides a breakdown of the numbers of persons receiving aid by program and year.

TABLE 22
PUBLIC ASSISTANCE RECIPIENTS BY PROGRAM
NEVADA COUNTY MAY 1988-1990

	1988	1989	1990
AID TO FAMILIES W/ DEPENDENT CHILDREN (a)			
TOTAL	2,883	2,597	2,679
Adults	1,102	977	959
Children	1,781	1,620	1,720
FOOD STAMPS (b)	3,055	2,709	2,786
GENERAL RELIEF	119	134	106

(a) Includes children in family groups, unemployed cases, and foster care.

(b) Includes those persons receiving public assistance payments and those not receiving public assistance payments

Source: Public Welfare in California, Department of Social Services.

As in most Sierra and foothill counties, Nevada County has a higher percentage of teenage pregnancies than does the state as a whole. There are approximately 50 teenage pregnancies per school semester in the county. Nevada County has The School for Pregnant Girls, located in the City of Grass Valley. The school has a 1990 fall semester enrollment of 70 teenage girls who either are pregnant, or have already given birth and decided to keep their children. Approximately one-half of these mothers are living at home with their parents or other relatives. The other half were no longer allowed to live with their families, or they go to court and declare legal emancipation, allowing them to collect AFDC or welfare checks.

One of the largest difficulties faced by those in social services is trying to find affordable housing for these young mothers. There are 3 low income apartment buildings in Grass Valley and they have a waiting list of one to one-and-a-half years.

It is estimated that approximately 60-80% of these young mothers have a history of sexual or physical abuse. AFDC and welfare checks can be seen as an avenue to independence and escape. But it is not easy for these mothers who are frustrated, and in many cases are not emotionally or psychologically prepared for the responsibilities of child rearing. The combination of abuse and little or no education or training for young mothers is an unhealthy cycle which tends to perpetuate low-income housing needs.

To increase housing opportunities for single mothers, the City could investigate family housing programs that provide two and three-bedroom dwelling units with access to child care services. The City could also consider ways of ensuring that rental property owners do not discriminate against single mothers.

OVERCROWDING

A common measure used to calculate the number of families which are inadequately housed is the extent of overcrowding. Overcrowding is defined by the Census Bureau as 1.01 or more persons per room. The 1990 census data indicated that 131 units, or 3.1% of Grass Valley's 4,148 occupied housing units, were overcrowded. In 1980, the total number of units with overcrowded conditions was 114, or 3.7% out of all households. Although there has been a slight numerical increase in overcrowded, the proportion of overcrowded units decreased 0.6 percentage points over ten years.

Households would, presumably, live in overcrowded conditions because they cannot afford housing of sufficient size or cannot afford to expand their present home. Overcrowding may also be a consequence of a shortage of affordable housing generally for some low-income families causing multiple generations of families to "double up".

TABLE 23
TENURE BY PERSONS PER ROOM

Persons per Room	1980 Households			1990 Households		
	<u>Owner</u>	<u>Renter</u>	<u>Total</u>	<u>Owner</u>	<u>Renter</u>	<u>Total</u>
1.00 or less	1,428	1,520	2,948	1,689	2,328	4,017
1.01 - 1.50	20	46	66	16	78	94
1.51 or more	<u>4</u>	<u>19</u>	<u>23</u>	<u>3</u>	<u>34</u>	<u>37</u>
TOTAL	1,452	1,585	3,037	1,708	2,440	4,148

Source: 1980 U.S. Census and the 1990 Census STF 1.

The extent of overcrowding is also directly related to the average number of persons per household. The 1980 Census stated that the City's number of persons per occupied housing unit was 2.13. The 1990 census shows 2.11 persons per occupied housing unit, a slight decrease over ten years, and thus, it has stayed relatively constant. Grass Valley's number of persons per occupied housing unit is lower than the county's at 2.51. At present, there are not enough large rental units with three or more bedrooms to meet the needs of overcrowded low-income households. To address overcrowding, the City would need to encourage the production of more unsubsidized rental housing with three or more bedrooms and investigate state and federal family housing programs. The City use redevelopment tax-increment funds as a local leveraging source for private investment and funding from local lending institutions under the Community Reinvestment Act responsibilities. The City could use these sources of funding to encourage the production of three- and four-bedroom rental units.

MOBILITY IMPAIRED AND OTHER HANDICAPPED PERSONS

According to 1981 estimates from the California Department of Rehabilitation, there were 3,900 people in Nevada County between the ages of 16 and 64 with one or more physical disabilities served by the department. The California Department of Rehabilitation clients totaled 5% of the county population. By far, the two largest groups of disabled are those with cardiovascular deterioration and musculo-skeletal limitations.

It is very difficult to obtain complete information regarding the number of mobility impaired persons. Although the Department of Rehabilitation, the Department of Social Services and the Nevada County Housing Development Corporation accept applications for assistance, and then track all clients who meet their criteria, their statistics are reported for the entire county and not for each city.

TABLE 24
DISABILITIES

40	Blind
20	Deaf
90	Other Sensory
610	Cardiovascular
240	Respiratory
100	Digest
190	Mentally Retarded
200	Alcohol & Drug
210	Emotional Problem
1670	Musculo-skeletal
240	Neurological
290	Other

Note: This covers only clients of Department of Rehabilitation, ages 16-64, from the 1981 report.

Source: California State Department of Rehabilitation, Estimate of Persons Who have Disabilities, July 1981.

Households with disabled members comprise an unknown proportion of Grass Valley's household population (possibly about 6-10% of all households); their needs for special housing modifications are not documented, but are handled by local advocacy groups and social services agencies. Specifically, the F.R.E.E.D. (Foundation of Resources for the Equality and Employment of the Disabled) and Senior Citizens Foundation both serve as information and referral agencies for the disabled care facilities. The Nevada County Housing Development Corporation also administers after-care rental assistance funds specifically for the disabled; however, there is currently a 2- to 5-year waiting list for this service.

The 1980 Census provided data on transportation disability and work disability. Of the total Grass Valley work force (people between the ages of 16 and 64), 541 or 14% had a work disability. Of all people over 16, 310 (6%) had public transportation disabilities. However, these data did not include certain portions of the population or certain disability types which could relate to the need for housing modifications.

A survey completed in 1981 by the State Department of Rehabilitation of mobility barriers inside the home provided data to building trades as part of a requirement to provide a certain percentage of handicapped-accessible features in new housing developments. The survey showed that, statewide, 6.7% of the population were severely disabled, having substantial mobility limitations according to certain criteria (i.e., bedridden, limited in walking, reaching, using stairs). This percentage, in the opinion of professional staff of the Rehabilitation Department, is the best estimate available for housing purposes of the

percentage of disabled persons. This percentage, as applied to Grass Valley, would equal 568 people in 1986.

In 1984, the City of Grass Valley was considered to have one or more disabled persons in about 6% of its households; for Grass Valley in 1986, this same percentage would amount to 225 households with one or more disabled member. Local F.R.E.E.D. representatives believe, based on their surveys, that the number is closer to 10%. A major factor could be the large proportion of 65 years old and older who could have mobility limitations or impairments.

In the 1985 Community Needs Survey, only 18 of 1,276 households sampled (1.4%) had disabled or handicapped members. It is possible that the actual number lies between the 10% (estimated by F.R.E.E.D. staff) and 1.4% (based on only a 38% sample), but more precise information is not available, since a local citywide survey has not been done.

There are waiting lists for apartments with special physical accessibility. No new disabled accessible and subsidized apartments have been built in the last five years. The City of Grass Valley has attempted to increase the number of disabled accessible apartments by creating the "Granny" or Secondary Unit Ordinance (further discussed in the section on Zoning). The ordinance provides for persons 60 years old and older or physically limited persons only.

F.R.E.E.D. has been given the administration of a grant from the State Department of Rehabilitation in order to aid physically and developmentally disabled persons. Grant monies can be used for the building of stair-lifts or accessibility ramps. These improvements are encouraged in order to increase or maintain a person's independence in the least restrictive environment.

Persons with physical limitations require different designs and layouts for their residences. Persons who need wheelchair accessibility require:

- ▶ Larger parking spaces
- ▶ Accessible route for travel (curb ramps)
- ▶ Ramps, handrails and ramp landings at doorways
- ▶ Wider doorway clearances and hallways
- ▶ Lower door locks, counters, telephones, mirrors, Laundry facilities, sinks and light switches
- ▶ Reachable cabinets and electrical outlets
- ▶ Larger bath rooms with grab bars (handrails) around the bathtub and toilet

For elderly persons who have difficulty in walking and may utilize a walker or other devices need many of the features of wheelchair access including handrails and medical emergency call devices.

AGRICULTURAL WORKERS AND MIGRANT HOUSING

Because of Grass Valley's topography and soils, there is not an existing need, nor is it anticipated that there will be a future need for migrant farmworker housing. There are two wineries in the immediate Grass Valley area. One winery's grapes are harvested by the Grape Growers Association which puts advertisements in the local newspapers for harvest help, and the harvest period may last only six weeks. The other winery receives grapes from outside the county. To the extent that there are year-round residents employed in agriculture, their housing needs would be the same as other low-income households and are addressed through low-income programs.

EMERGENCY SHELTER AND THE HOMELESS

The homeless population, by its very nature, is difficult to estimate. Factors contributing to the increase in homeless persons and families, and those in need of transitional housing include:

- The lack of housing affordable to very-low and low-income persons
- Increases in unemployment or underemployment
- Reductions in government subsidies
- Deinstitutionalization of the mentally ill
- Domestic violence
- Drug addiction
- Dysfunctional families

The needs of the homeless depends on the economic or personal reasons for their homelessness. Because the characteristics of these groups vary, their needs will also vary.

The nature of the homeless and their transience makes gathering information unreliable. The most reliable information on those individuals in need of emergency or temporary shelter is the Nevada County Housing Development Corporation Transitional Living Center in Grass Valley and the Nevada County Department of Social Services. This information also has its limits of reliability, as they service only those clients which meet their criteria, and it does not cover or monitor all those who may need assistance. In Nevada County, the 1990 Census listed 17 persons as housed in a emergency shelter.

According to the 1990 census, no one in Grass Valley was counted as a homeless person; however, the Nevada County Housing Development Corporation provided for approximately 30 homeless persons in 1990.

There are only two transitional living centers (emergency shelters) in Nevada County, and both are located in the City of Grass Valley. One living center has six beds and the second living center has ten beds. Both permit a maximum stay of two to three months, but operators of these facilities try to find housing for their clients within two months. The two centers can provide temporary shelter for approximately 30-36 persons per year, depending on the length of their stay. The Nevada County Housing Development Corporation has estimated a need for 2-3 more transitional living centers in the Grass Valley-Nevada City area. The Corporation is planning to expand its bed capacity from 16 to 40 by the middle of 1992. Nevada City, the county seat, has turned down two applications for homeless transitional housing within its jurisdiction.

The Nevada County Department of Social Services provides temporary housing for homeless mothers with dependent children (AFDC). During the 12 month period, between July 1990 to June 1991, the Department of Social Service provided temporary shelter for 228 mothers. The Department's temporary housing is provided by arrangements made with hotels in and around the City. There have been major cuts in the social welfare programs, and the homeless care workers interviewed felt that this population will definitely increase in the future.

The Department's General Relief Program is a fund that is used to aid homeless individuals, but statistics on the population served are not available at this time. The information above included only those people who could qualify for relief, and in no way includes those who do not qualify. Because of the manner in which government benefits are structured, male homeless persons have fewer support programs, aid networks and services. As a consequence, the male homeless population is undercounted. As with most jurisdictions, it is very difficult to piece together an accurate and complete picture of the homeless population.

Resources that Grass Valley could use to increase the availability of homeless facilities for those groups not being adequately served include the use of redevelopment tax increment funds, and state and federal homeless housing and services funds. The City could assist existing agencies providing homeless services apply for state and federal funding. Grass Valley could also work with interested church organizations to provide temporary shelter on a periodic basis for a small number of homeless persons.

LARGE FAMILY HOUSEHOLDS

According to the state definition, households with five or more family members are "large families". The 1990 Census stated that there were 203 households with five or more persons. Of the 205 households with five or more persons, 82 were in owner occupied units and 123 resided in rental units. Large families constituted 4.8% of the households in Grass Valley. This is a lower percentage of large families than in 1980. The 1980

Census showed that there were 173 households with five or more persons, 5.6% of all households. Although the numbers of large families has increased since 1980, the overall proportion has decreased almost 1% over the past decade.

The 1980 Census indicated the City's housing stock included 742 three-bedroom units, 161 four-bedroom units, and 20 units with five or more bedrooms. The supply of large dwellings in Grass Valley is theoretically adequate for the needs of the large families present, although the distribution does not perfectly match the need (as indicated by the number of overcrowded and overpaying households). As stated in the section on overcrowding, the increase in large family households may be due to an inability to pay the higher rents required for housing units with three or more bedrooms. Therefore, two generations or two families may be residing in the same unit because they may not be able to afford market rents at their income levels.

CHAPTER IV: HOUSING CHARACTERISTICS

HOUSING STOCK

In 1980 there were 3,370 year-round dwelling units, 333 of which were vacant. Between 1980 and 1990, there was an increase in the total number of dwelling units (4,385), but a decrease in the number of vacant units (237). In 1980 there were 3,037 occupied units, while in 1990, the number of occupied housing units had increased to 4,148. The number of housing units expanded by 1,015 units or 33% in ten years. The occupancy rate has increased while the vacancy rate has decreased from 9.8% in 1980 to 5.4% in 1990.

The most common type of dwelling in the City is the single family home, which accounts for 53% of all units. Approximately 37.2% of the 1990 City's housing stock is composed of multi-family structures containing two or more units. The third type of dwelling is the mobilehome, which accounts for 5.7% of all housing units in the City. Grass Valley's housing stock is somewhat more of a conventional urban nature (detached single-family homes and apartments) than the mix found in most rural communities.

TABLE 25
TOTAL HOUSING UNITS

TYPE	1980	1990	1990 % of Total
Single Family Home (detached)	2,063	2,205	53.0%
Single Family Home (attached)		145	3.4%
2 to 9 units	626	934	22.5%
10 or more units	447	801	19.3%
Mobile Home or Trailer	234	253	6.0%
Other	—	47	1.1%
TOTAL (number of units)	3,370	4,385	
VACANT	- 333	- 237	
TOTAL (number of occupied housing units)	3,037	4,148	

Note: the 1980 Census numbers are different in that they do not differentiate between single family home, detached and attached. Also, the breakdown for units are as follows: 2-9 units and 10 or more units.

Source: 1980 Census, General Housing Characteristics, California. 1990 Census STF 1.

The housing stock in Grass Valley has increased in all three of the categories: single family, multi-family and mobilehomes. The most significant increase is in the number of multi-family units. Multi-family units increased by 469, or 43.7% over ten years. Multi-family units were only 31.8% of the 1980 housing stock, while in 1990, they comprised 37.2% of all units. This is an increase of 5.4 percentage points for the decade. It should be noted that most of the increase in multifamily units occurred prior to 1987.

Although the number of single family units has increased, the overall percentage of available single family homes actually decreased over the past ten years. The housing stock percentages of single family homes was 61.2% in 1980, decreasing to 59.5% in 1990 (including: single family homes attached, mobilehomes and condominiums).

TABLE 26
RATE OF HOUSING STOCK INCREASE
1980-1990

	% of 1980 1980		% of 1990 1990		Increase # of units	Percent Increase
Single Family	2,063	61.2	2,350	56.6	287	13.9%
Multi-family	1,073	31.8	1,542	37.2	469	43.7%
Mobilehome	234	6.9	253	6.1	19	8.1%
TOTAL	3,370		4,145		775	

Note: The totals are for the number of year-round housing units, not the number of those occupied.

Source: 1980 U.S. Census, and the 1990 U.S. Census STF 1.

In the 1991, DOF estimated the total number of housing units at 4,445, for which 4,242 were occupied. The vacancy rate was 4.57%. The difference between the 1990 Census number, and the 1991 DOF estimate is only 97 units.

A more up-to-date estimate can be made from the number of new construction permits awarded by the Grass Valley Building Department. (Table 27). According to the Building Department, a total of 744 residential units have been added to the City's housing stock from 1985 through June of 1991. Of the total number of new residential units, 417 were apartments and 324 were single family houses. Three legal secondary units were added to the housing stock. There may have been more secondary units added, but these would be considered illegal since building permits were not obtained.

Construction activity has slowed considerably since 1989. There were only nine single family houses and three apartment units built in 1990.

TABLE 27
RESIDENTIAL BUILDING PERMITS ISSUED 1985-1993

Year	Single Family	Apartments	Total Units Added	Demolitions SF	Apts.
1985	8 + 1a	1 - Duplex 1 - 32 units 1 - 70 units TOTAL 104	113	2	0
1986	52	1 - 1 unit 1 - 3 units 1 - 4 units 1 - 7 units TOTAL 15	67	9	0
1987	51	3 - Duplexes 1 - 4 units 1 - 8 units 1 - 84 units 1 - 5 units (b) TOTAL 107	158	2	5
1988	72	1 - 6 units 1 - 23 units 1 - 64 units 1 - 74 units TOTAL 167	239	3	0
1989	90 + 1a	4 - 4 plexes 1 - 5 units TOTAL 21	112	2	0
1990	42 + 1a	0 TOTAL 0	43	3	1 (c)
1991	(d) 18	18 (e) TOTAL 18	36	5	1 (c)
1/92-6/92	14	7	21		
7/92-5/93	6		6		
TOTAL	353 + 3a	439	795	26	7

- a = legal secondary units; there may be more, but only three permits for building secondary units have been processed since 1985.
- b = condominium apartments
- c = units demolished due to fire damage, followed by the rebuilding of apartments (d).
- d = 1991 is from January to the end of June only.
- e = rebuilt apartments after fire damage and demolition (b).

Source: Grass Valley Building Department, May 17, 1993.

AGE OF HOUSING

A significant portion (37%) of the housing stock in Grass Valley was built before 1939, and is more than 50 years old. There was substantial construction activity in the decade between 1970 and 1980, when 1,002 units were built. Fifty-one percent of the housing stock was constructed since 1970 and is 22 years old or less.

TABLE 28
AGE OF HOUSING

	Total # of units	% of Total	Owner Occup.	Renter Occup.
1985 - 1991	744	18.0%	327	417
1980 - 1985	382	9.2%		
1970 - 1979	1,002	24.3%	403	486
1960 - 1969	231	5.6%	87	139
1950 - 1959	222	5.4%	127	89
1940 - 1949	381	9.2%	167	164
1939 or Earlier	1,536	37.3%	668	707
TOTAL	4,116	1,779	2,002	

Note: The table does not show the number of units demolished, nor 335 units which were not occupied.

Sources: 1980 Census, STF-3. City of Grass Valley Building Department.

A substantial portion of the housing stock needs to be kept in good repair so that major rehabilitation will not be a necessity in the future. Please see the following section on Housing Conditions.

HOUSING CONDITIONS

Grass Valley conducted housing conditions surveys in 1985 and 1986, which found that 447 housing units needed immediate rehabilitation or deferred maintenance repairs. A follow-up survey in 1991 indicated that 143 dwelling units needed immediate rehabilitation. This is a much lower number than in the previous surveys. The disparity is most likely due to the large numbers of repairs by owners in the past six years plus the demolition of dilapidated dwelling units. The following rating scale was used during the 1991 survey.

1) FOUNDATION	Points
in good condition	0
needs a partial foundation	15
needs a complete foundation	25
2) ROOFING	Points
does not need repair	0
needs patching	5
needs structural repair	10
needs replacement	15
3) SIDING	Points
does not need repair	0
needs painting	5
needs patching	10
must be replaced and painted	15
4) WINDOWS	Points
no repair needed	0
in need of repair	5
needs replacement	10
5) DOORS	Points
no repair needed	0
needs repainting	1
needs replacement	3

The point system ranking has been broken down into five categories: sound, minor, moderate, substantial and dilapidated. A housing unit is considered in need of rehabilitation if the unit point total falls within the minor repair to substantial repair categories (3-55 points). If the unit score is more than 56 points, the dwelling unit is considered dilapidated, and replacement, not rehabilitation, is considered. The September 1991 housing condition survey covered 343 single and multi-residential housing units. Table 29 shows the total number of points for each category, the number of surveyed units and the percentage of units found in each category of the 343 units surveyed. These 343 units were located within the City's older neighborhoods most likely to have deteriorated housing.

TABLE 29
1991 GRASS VALLEY HOUSING CONDITION SURVEY

Ranking	Points	Number of Units	Percent
Sound	0	200	58.3
Def. Main.*	3- 9	9 *	2.6
Minor	10-15	82 *	23.9
Moderate	16-39	13 *	3.7
Substantial	40-55	9 *	2.6
Dilapidated	56 or more	<u>30</u>	8.4
TOTAL		343	

* Deferred maintenance covers from 3 to 10 points. The three asterisks cover 104 at risk housing units (or 30.3%) which should be considered for rehabilitation.

Source: September 1991 Housing Condition Survey, Connerly & Associates.

The largest number of units (200) fall within the sound category, representing almost 58.3% of the total units surveyed. There were nine units in the deferred maintenance category. Eighty-two units, or almost 24%, were found to be in need of minor repair. If repair needs for units in the deferred maintenance and minor repair categories are not addressed, these housing units will need moderate or even substantial repair in the future. This is a large number of units to be on the threshold of needing more complete and costly repair. There were 30 units, or 8.4%, considered to be dilapidated and replacement should be considered.

The age of the housing stock must be taken into consideration when reviewing the housing conditions. In general, the number of houses needing rehabilitation is low; however, there is a large number of housing units which will need vigilant care and intensive maintenance in order to avoid costly rehabilitation and keep the stock from decline. Approximately 52% of the City's housing stock is over thirty years old, the age

at which dwelling units can show signs of substantial deterioration if they have not been properly maintained.

HOUSING RENTS AND VALUES

The market price of single-family homes has risen significantly in the past several years. Land development costs have also risen substantially, and include such items as public improvements, raw land, materials labor and associated professional services. The 1990 Census reported on owners' estimates of the value of their dwelling units. The term "value", as used by the Census Bureau, is the owner's estimate of how much a residential property (house and lot, mobilehome and lot, or condominium unit) would sell for if it were for sale.

TABLE 30
VALUE OF OWNER-OCCUPIED HOUSING UNITS
1980 & 1990

Owner Estimated Value	1980		1990	
	Number of Homes	%	Number of Homes	%
Less than \$15,000	44	4.0	6	0.4
\$15,000 - \$29,999	100	9.1	10	0.7
\$30,000 - \$49,999	222	20.2	33	2.4
\$50,000 - \$74,999	531	48.4	125	9.4
\$75,000 - \$99,999	122	11.1	314	23.5
\$100,000 - \$124,999	---	----	289	21.6
\$125,000 - \$149,999	60	5.4	240	8.0
\$150,000 - \$174,999	---	----	55	11.6
\$175,000 - \$199,999	11	1.0	81	6.0
\$200,000 - \$249,999	7	0.6	46	3.4
\$250,000 - \$299,999			26	1.9
\$300,000 - \$399,999			8	0.5
\$400,000 - \$499,999			1	0.07
\$500,000 or More			0	
TOTAL	1,097		1,334	

Notes: The 1980 category ranges are \$50,000 to \$79,999, \$80,000 to \$99,999, \$100,000 to \$149,999, and \$200,000 or more.

Sources: 1980 and 1990 Census, STF-1.

In 1990, the largest number of homes (998) were valued from \$75,000 to \$150,000. There were very few (49) homes under \$50,000. There was a large increase in values from 1980 to 1990. There were 44 homes valued at under \$15,000 in 1980, in 1990 there were only six homes at that value. The 1980 categories show that the largest number of homes were in the \$30,000 to \$75,000 range.

The 1980 Census revealed that the median home value for Grass Valley was \$60,300. Grass Valley's median single family home values rose 91% between 1980 and 1990, while the County's median home value increased by about the same amount. In proportion to the rise in home values and construction costs, fewer opportunities have been available for low- and moderate-income families to participate in purchasing a home in Grass Valley. Nevada County's median family home values are 75% higher than in Grass Valley. Even with the increase in owner-occupied home values, the existing housing stock provides substantial opportunities for moderate-income households to afford home ownership, since existing single family housing costs are still generally below the cost of building a new single family home.

The nearly doubling of housing values between 1980 and 1990 is not unique to Grass Valley or Nevada County. The doubling of home values is a statewide phenomenon, affecting all but the more isolated rural areas of the state. The rise in home values during the 1980s represents a slower pace of inflation (about 6.75% per year) for the entire decade than during the 1970s, however.

**TABLE 31
MEDIAN HOME VALUE**

	1980	1990	Increase	
Grass Valley	\$ 60,300	\$ 115,500	\$ 55,200	91%
Nevada County	\$ 79,700	\$ 154,700	\$ 75,000	94%

Source: 1990 Census STF-1.

According to the Nevada County Board of Realtors the average prices of homes increased by approximately \$81,266 for homes on less than five-acres, and \$93,440 for homes with more than five-acres.

TABLE 32
PRICES OF HOMES IN NEVADA COUNTY
1986 - 1991

Year	# Sold	Average Price House w/ 0-5 Acres	# Sold	Average Price House w/ Over 5 Acres
1986	673	\$101,407	84	\$138,943
1987	898	\$112,199	110	\$152,580
1988	1,061	\$125,321	156	\$152,962
1989	1,077	\$155,055	171	\$180,773
1990	920	\$177,431	63	\$215,632
1991	410	\$182,673	63	\$232,383
Five 1/2 Year Price Increase		\$81,266		\$93,440

Note: 1991 is for only six-months, through July of 1991.

Source: Nevada County Board of Realtors, September 1991.

The prices of homes have increased significantly from 1986 to the middle of 1991. For homes with less than five-acres, the prices have almost doubled in five and one-half years. The following table presents the prices for mobilehomes in Nevada County.

TABLE 33
PRICES OF MOBILEHOMES IN NEVADA COUNTY
1986 - 1991

	# Sold	Average Price
1986	23	\$43,559
1987	46	\$35,075
1988	47	\$47,125
1989	39	\$53,571
1990	39	\$64,032
1991	19	\$56,987

Note: 1991 is for only six-months, through July of 1991.

Source: Nevada County Board of Realtors, September 1991.

The prices of mobilehomes have fluctuated between 1986 and the middle of July 1991. The basic increase in five and one-half years was only \$13,428. On average, mobilehomes were on the market 30 to 40 days longer than houses.

The 1990 Census also reported on contract rents, which is the monthly rent agreed to, or contracted for, regardless of any furnishings, utilities, fees, meals or service that may be included. Rents increased greatly between 1980 and 1990. In 1980, there was a relatively wide and even spread of rents paid, with most renters paying \$100 and \$400 for monthly rent. In 1990, the spread of rent paid by most renters increased to between \$300 and \$700 per month.

TABLE 34
1980 & 1990 CONTRACT RENTS

Rent	1980	%	Rent	%
Less Than \$100	117	7.4	33	1.3
\$100 to \$149	257	16.3	97	4.0
\$150 to \$199	356	22.6	122	5.0
\$200 to \$249	255	16.2	146	6.0
\$250 to \$299	275	17.4	227	9.4
\$300 to \$399	219	14.0	420	17.4
\$400 to \$499	39	2.4	526	21.8
\$500 or more	5	0.3	---	
\$500 to \$599			316	13.1
\$600 to \$699			257	10.6
\$700 to \$749			57	2.3
\$750 to \$999			114	4.7
\$1,000 or More			48	2.0
No Cash Rent	<u>49</u>	3.1	<u>47</u>	1.9
TOTAL	1,572		2,410	

Sources: 1980 and 1990 Census, STF-1.

In ten years, average monthly rents more than doubled, increasing in an excess of 107% for Grass Valley and 106% for Nevada County. In 1990, Grass Valley's median contract rent was \$489, the upper and lower quartiles were \$649 and \$342 respectively.

TABLE 35
MEDIAN CONTRACT RENT

	1980	1990	Increase	
Grass Valley	\$ 206	427	221	107%
Nevada County	\$237	489	252	106%

Source: 1980 Census, and 1990 Census STF 1.

SUBSIDIZED HOUSING

Jurisdictions may have a number of subsidized units as part of their housing stock. These units can be subsidized in various ways. The City itself may offer incentives such as tax credits to developers so that all, or only a percentage of the total units built could be rented at below market rates. Government lenders, such as the Farmers Home Loan Administration (FmHA), Federal Home Loan Administration (FHA) and Housing and Urban Development (HUD) can provide loans for public and private groups who meet eligibility and want to build low-income, assisted housing units.

The Nevada County Housing Development Corporation and the City of Grass Valley can provide incentives for building assisted units, such as local in-lieu fees, inclusionary programs, density bonuses, state and local multifamily revenue bond programs and redevelopment programs.

Assisted units are units which are under contract with local, state or federal agencies to provide housing at below market rates. State law requires local jurisdictions to identify and determine the status of federally subsidized units; at risk units are those assisted units which will be eligible to terminate their use restrictions over the next ten years.

Before owners can terminate their use restrictions, notice of intent to prepay the loans (conversion to market rate rents) must be given to the California Department of Housing and Community Development and the local jurisdiction. When notice of intent to prepay the loan has been given, HCD will notify those entities which are interested in purchasing the subsidized units, and offer them the right of first refusal.

There are 501 subsidized apartment units contained within nine complexes inside the city limits of Grass Valley. Also, there is one complex, with 60 subsidized units, located in the county just outside of city limits, but certainly within Grass Valley's sphere of influence. The developments listed below represent all federally-assisted multifamily developments in Grass Valley based on consultation with HUD and FmHA and the inventory of government-assisted rental housing development prepared by the California Coalition for Rural Housing for the California Housing Partnership Corporation.

Although none of the owners of these rental development have submitted notices of intent to sell, the complexes marked with a bullet " • " are considered to be at-risk for conversion over the next five- to ten-year periods. The five complexes have a **total of 305 at-risk units**. The following is a comprehensive list of subsidized projects and their possible time of conversion to market rate rents.

Rental units in these development are potentially at-risk because the owners could pre-pay their mortgages, and owners of projects with Section 8 subsidies could decline to renew their contracts with the federal government. In general, if a government loan is pre-paid and a Section 8 contract expires, rental units which formerly had restrictions on the amount of rent the owner could charge are no longer so restricted. HUD can offer financial incentives to private owners instead of allowing them to pre-pay their loans, but only if a minimum rate of return can be guaranteed. Otherwise the owner can choose to sell the rental development. If a qualified purchaser cannot be found to continue the low-income rent restrictions, or if the federal government does not continue to appropriate sufficient funds to assist non-profit and public agencies in acquiring these units, these rent-restricted developments could convert to market-rate rental housing.

Part of the analysis of at-risk units required by state law is a preservation versus replacement cost analysis. The preservation cost would be the cost of acquiring and continuing to operate the units with rent restrictions. There have been few sales of rental developments in the Grass Valley or surrounding areas with which to develop a cost estimate for acquiring and preserving affordable units. The cost depends on the condition and type of units, and the rental income.

One multifamily housing development offered for sale at \$1.95 million in the fall of 1991 included 27 units, or \$72,200 per unit. Since the units were condominiums, the cost per unit would be somewhat higher than a comparable development consisting of rental apartments not approved for sale as individual units. Other four-plex buildings were offered for sale at costs ranging from 50,000 to \$65,000 per dwelling units. For purposes of this analysis, the City will assume that, on the average, at-risk rental housing development would cost an average of \$55,000 per unit for one-bedroom apartments, \$60,000 per unit for two-bedroom apartments, and \$65,000 per unit for three-bedroom apartments to acquire and preserve as affordable housing.

The City contacted the California Housing Finance Agency, the County Housing Authority, and has checked its own records to determine if there are other state or locally-assisted rental housing developments with low-income use/rent restrictions that could terminate within the next ten years. The City could find no such other units in Grass Valley.

AT-RISK UNITS

•Springhill Gardens Apartments I 244 Dorsey Drive

Springhill Gardens I has 72 rental units available to moderate and low income persons, supported by a FmHA Section 515 Rural Rental Housing Loan Program. Of the 72 units, 53 have deep subsidy rental assistance, so rents are lower than the basic-below market rents. This complex may be subject to conversion since its original loan was approved prior to December 21, 1979. The first possible opportunity for prepayment and conversion is in December of 1997.

According to the Nevada County Assessor's 1991-1992 Tax Roll, the total value of land, improvements, fixtures and personal property was \$1,968,595. Because this is not a current market value, the preservation cost (i. e., the cost of acquiring these units and continuing their use for low-income households) is estimated to be at least \$3,950,000. There have been no recent sales of comparable apartment development in the Grass Valley area, so this estimate is approximate only.

Replacement costs are estimated to be \$4,400,000, including land, labor materials, plus permit and development fees.

•Springhill Gardens Apartments II 200 Dorsey Drive

Springhill Gardens II has a total of 49 units available to moderate and low-income families, supported by a FmHa Section 515 Rural Rental Housing Loan Program. Of the 49 units, 28 have deep subsidy rental assistance, so rents are lower than the basic-below market rents. Prepayment for conversion of this complex is possible within the next ten years, after the year 2001.

According to the Nevada County Assessor's 1991-1992 Tax Roll, the total value of land, improvements, fixtures and personal property was \$1,846,561. Replacement costs for the complex is estimated at just under \$3,100,000. The replacement cost for these units is estimated at \$3,500,000.

•Valley Commons Apartments 1400, 1432, 1444, 1449, 1453 & 1473 Segsworth Way

Valley Commons has a total of 48 rental units. This complex was subsidized by the FmHA Section 515 Rural Rental Housing Loan Program. Of the 48 units, 37 have deep subsidy rental assistance, so rents are lower than the basic-below market rents. The loan was approved before December 21, 1979, and there were no prepayment restrictions written in the deed of trust. This complex is subject to conversion if the owner decides to request a prepayment and if the owner does not accept incentives offered by FmHA to keep the complex under the 515 Program. These units are to be considered at-risk, since they can be converted any time at the owner's discretion. According to the Nevada

County Assessor's 1991-1992 Tax Roll, the total value of land, improvements, fixtures and personal property was \$1,127,054. The actual market value of these units, however, is probably closer to \$2,900,000. Replacement costs for the complex is approximately \$3,250,000, including land, labor, materials, as well as permit and development fees.

**•Valley Commons Apartments - East
207, 221, 235, 251, 267 & 279 Joerschke**

Valley Commons has a total of 56 rental units, and all are subsidized under the FmHA Section 515 Rural Rental Housing Loan Program. Of the 56 units, 46 have deep subsidy rental assistance, so rents are lower than the basic-below market rents. The loan was approved before December 21, 1979, and there were no prepayment restrictions written in the deed of trust. This complex is subject to conversion if the owner decides to request a prepayment and if the owner does not accept incentives offered by FmHA to keep the complex under the 515 Program. These units are to be considered at-risk, since they can be converted any time, at the owner's discretion.

According to the Nevada County Assessor's 1991-1992 Tax Roll, the total value of land, improvements, fixtures and personal property was \$1,835,362. The actual market value of these units is estimated to be closer to \$3.5 million, however. Replacement costs are estimated to be \$3,900,000.

**•Eastridge Apartments
46 Rockwood Drive**

The apartment complex has a total of 80 units, and all of the units are subsidized by the FHA section 236 Interest Reduction Payment Program. The earliest termination date for the government program is December 12, 1994.

The loan is eligible for refinancing on December 12, 1994. At this time the owners can choose to sell the complex; however the use restrictions would be extended to the new owner. The acquisition and preservation cost is estimated to be \$4,400,000, and the replacement cost \$4,900,000.

The total acquisition/preservation cost for all five developments is estimated to be \$17,850,000, and the replacement cost \$19,950,000.

SUBSIDIZED UNITS NOT AT-RISK - WITHIN THE CITY LIMITS

Grass Valley Terrace Apartments 275 Dorsey Drive

There are 70 apartment units available, with all of the units low income rental. This complex is subsidized by a FmHA Interest Credit Code-2 government program. Deep subsidy rental assistance is not offered at this complex. These units will not be subject to conversion until the year 2006.

Valley View Apartments 115 E. Berryhill Drive

This complex has a total of 50 apartment units. There are two, one-bedroom units which are handicapped accessible. The moderate to low income rents are subsidized by a FmHA Interest Credit - 2 loan program. Deep subsidy rental assistance is not offered at this complex. This complex is not eligible for conversion to market rate rents since the loan requirements extent to 30 years from 1983, or the year 2013.

Grass Valley I Apartments 340 Pleasant Street

Grass Valley Apartments have a total of 42 units with two, one-bedroom units for handicapped access. The low to moderate income rents are provided by a FmHA Interest Credit - 2 loan program. Deep subsidy rental assistance is not offered at this complex. The units will not be available for conversion until the year 2006.

Grass Valley Senior Center Apartments 321 Dorsey Drive

The Grass Senior Complex has a total of 34 units. There are 30 one-bedroom, two two-bedroom units and two one-bedroom handicapped accessible units. The complex was built for persons who are sixty-two years old or older, and handicapped or disabled. The lower rents are provided by a FmHA Interest Credit - 2 loan program. Of the 34 units, 20 have deep subsidy rental assistance, so rents are lower than the basic-below market rents. The complex is not eligible for conversion until the year 2009.

SUBSIDIZED UNITS NOT AT-RISK - OUTSIDE OF CITY LIMITS

Nevada City Senior's Apartments 11841 Old Tunnel Road

The Nevada City Senior's Apartments has a total of 60 units. The apartment units are offered to persons 62 years old or older. The lower rents are provided by the FmHA Rural Rental Housing 515 Program. Fifty-nine units have deep subsidy rental assistance for low and very low income persons. The complex is not eligible for conversion until the year 2041.

Notes: • = units with a possible risk of conversion.

Valley Commons and Valley Commons (East) Apartments were on land that was annexed to the City and one single address number was divided into six address numbers. They are still complete apartment complexes.

Sources:

HCD Revised Housing Element Amendment Date for Preserving Subsidized housing Projects, December 5, 1991.

HCD, Community Affairs Division, Report on Entities Interested in Right of First Refusal Program. November 19, 1991.

Inventory of Federally Subsidized Low-Income Rental Units at Risk of Conversion, Prepared for the California Housing Partnership Corporation, Prepared by the California Coalition of Rural Housing Project. March 1, 1989.

Telephone Interview with Linda Righetti, FmHA District Office, Stockton, California. March 35 and 26, 1992.

Nevada County Assessor's Office, April 1992.

Currently, four of the subsidized projects are capable of pre-paying their loans and converting to market rate rents within the next ten-years. Of the total 561 subsidized units, 225 units, or 40% are to be considered at risk for conversion.

HCD maintains a list of "Entities Interested in Right of First Refusal Program", should a notice of intent to prepay loans be filed on subsidized housing in Nevada County. An updated November 1991 list includes the following agencies interested in purchasing subsidized complexes, in order to maintain their low rents. The local jurisdiction can also chose to purchase the units in order to continue their use as subsidized units. It is possible that the City of Grass Valley may also want to consider purchasing, or

assisting or encouraging others to purchase a subsidized apartment complex should prepayment of the loan become possible.

ENTITIES INTERESTED IN RIGHT OF FIRST REFUSAL IN NEVADA COUNTY

NONPROFIT AGENCIES

Mother Lode Housing Development Corp., Auburn, CA.
Project Go Inc., Rocklin, CA.
Rural California Housing Corp., Sacramento, CA.

FOR PROFIT AGENCY

La Casa Development, San Leandro, CA.

The newly formed Nevada County Housing Commission, a county-wide housing authority, could also serve as a conduit for preserving at risk units, although the Commission may not wish to permanently own and operate such units.

The Section 8 Rental Assistance Program include projects originally built or renovated with commitments of Section 8 under the New Construction, Substantial Rehabilitation and Moderate Rehabilitation Programs, as well as existing federally-assisted projects where Section 8 was piggy-backed later under the Loan Management Set-Aside Program. Under these Section 8 contracts, the federal provides the project owner with the difference between a tenant's rent contribution (which is limited to 30% of income) and a higher rent set by HUD.

Unlike the Section 8 Certificate or Voucher Programs, the Section 8 programs provides subsidies that are tied to the housing project and cannot be used by tenants if they move elsewhere. Projects may contain both low-interest FHA-insured loan and one or more Section 8 contracts. Eastridge Apartments is the only Section 8 project in the City of Grass Valley.

Section 8 Vouchers and Certificates are subsidy programs to aid very-low and low income persons. These vouchers and certificates are actually given to the person and they are not tied to a particular complex or building. The Nevada County Housing Development Corp. (NCHDC) has distributed a total of 172 vouchers and certificates for use within the County. The Nevada County Housing Development Corp. maintains waiting lists for low-income and homeless persons seeking subsidized rental units.

Preserving At-Risk Units

According to the HCD Division of Housing Policy Development local governments can facilitate preservation of at-risk housing by following these prescribed steps presented in the HCD Housing Element Analysis: Preservation of Assisted Units.

1. Identify At-Risk Units
2. Complete Planning Documents and Assess Potential Conversion Impact
3. Monitor At-Risk Units
4. Provide Tenant and Community Education
5. Adopt Preservation Incentives or Conversion Disincentives
6. Submit Comments to HUD on Plans of Action Submitted by Owners
7. Assist Nonprofits and Other Public Entities
8. Extend Use Restriction Term Through Refunding of Bond Financed Projects
9. Obtain Additional Section 8 Certificates or Vouchers
10. Support Additional Multifamily Rental Housing

There are a number of steps jurisdictions can take in order to attempt to preserve the subsidized units within its sphere of influence.

- ▶ Applying for local redevelopment financing to use as leverage.
- ▶ Apply for additional Section 8 Certificates.
- ▶ Encourage nonprofit or private financing
- ▶ Community reinvestment, such as applying to the Federal Home Loan Bank Board pledged to make loans for low and moderate income projects.

Grass Valley could pursue all of these alternatives in working with interested public and private non-profit housing agencies to acquire and preserve these affordable dwelling units if the owners wish to sell.

FAIR SHARE ALLOCATION

The purpose of a fair share allocation plan is to provide localities with a general measure of local responsibility for addressing a fair share of the market area housing need. Regional plans provide cities and counties with a measure of their share of a region's projected need, by household income group, over the five-year planning period of the Housing Element. The concept that localities shall plan for population growth and for a share of regional housing need has been part of housing element law since its inception.

The responsibility for developing fair share allocations for Grass Valley was delegated to the Sierra Planning Organization by the California Department of Housing and Community Development (HCD). The Sierra Planning Organization was formed under a joint powers agreement (JPA) consisting of the Counties of El Dorado, Nevada, Placer and Sierra.

The Sierra Planning Organization (SPO) published the Regional Housing Allocation Plan in April, 1991. The plan was adopted October 2, and later amended December 4, 1991. The primary objective of the plan is to provide housing for above moderate, moderate, other low, and very low-income groups within the SPO jurisdiction. The figures provided by SPO will, in turn, be used by jurisdictions within the SPO region to address housing needs in the 1992 revisions of their respective Housing Elements.

SPO's fair share needs calculated for Grass Valley, call for a total of 1,112 housing units to be built between 1990 and 1997. The largest portion, 85.2%, of Grass Valley's housing allocation is for 948 units of above moderate-income households. Accordingly, only 12%, or 133 units, are proposed for persons with moderate incomes, and 2.7%, or 31 units, are proposed for persons with other low incomes. SPO's calculations proposed zero housing units for persons with very low incomes.

Because Grass Valley has such a large concentration of lower-income households, and serves as a magnet for low-income households throughout Nevada County, the SPO housing allocation plan recognizes the need for other jurisdictions to make a greater effort in the future to accommodate low-income housing needs.

TABLE 36
SIERRA PLANNING ORGANIZATION'S
REGIONAL HOUSING ALLOCATIONS FOR NEVADA COUNTY

1990 Households by Income Group

	Very Low	Other Low	Moderate	Above Mod.	Total
Grass Valley	1,618	705	871	954	4,148
Nevada					
City	496	187	219	387	1,289
Balance of County	5,875	3,418	5,368	10,660	25,321
TOTAL	7,989	4,310	6,458	12,001	30,758

1997 Fair Share Household Projections

HCD Housing Goals	26%	14%	21%	39%	100%
Grass Valley	1,618	736	1,004	1,902	5,260
Nevada					
City	496	203	261	488	1,440
Balance of County	8,696	4,882	7,466	13,825	34,870
TOTAL	10,810	5,821	8,731	16,215	41,578

(Assumption: Average annual county growth rate of 4.4%)

1990 - 1997 Fair Share Needs Allocation

	Very Low	Other Low	Moderate	Above Mod.	Total
Grass Valley	0	31	133	948	1,112
	(0%)	(2.7%)	(12%)	(85.2%)	
Nevada					
City	0	16	42	101	159
Balance of County	2,821	1,464	2,098	3,165	9,549
TOTAL	2,821	1,511	2,273	4,214	10,820

Sources: Sierra Planning Organization Regional Housing Allocation Plan, Adopted October 2, 1991, amended December 4, 1991, p.8.

HOUSING VACANCY RATE

An adequate vacancy rate is necessary for a competitive housing market that provides households with adequate choices. Vacancies also serve to dampen inflationary pressures in the housing market. There are several ways in which to evaluate vacancies. The percentage of the year round housing stock that is unoccupied provides as sense of the overall availability of housing. A substantial part of this overall vacancy rate is composed of seasonally occupied dwelling units (second homes, vacation homes, etc.), dwelling units sold or rented and awaiting occupancy, and boarded up dwelling units. A more accurate reflection of the vacant units available to household looking for a place to live is the percentage vacant units available for sale or rent. Most housing analysts consider 5-6% as an adequate vacancy rate for rental housing and 2% as an adequate vacancy rate for owner-occupied housing.

The following tables show the number of vacant units of all types, for 1980 and 1990, and the number of vacant units for sale and for rent.

**TABLE 37
VACANT HOUSING UNITS**

% of Total Units	1980		1990	% of Total Units
4.9%	166	For Rent	97	2.2%
1.9%	65	For Sale Only	51	1.1%
0.7%	24	Held for Occasional Use	20	0.4%
2.3%	78	Other Vacant	45	1.0%
		Rented or Sold (not occupied)	<u>24</u>	0.5%
9.8%	333	TOTAL VACANT UNITS	237	5.4%
		Boarded up	- 5	0.1%
		TOTAL AVAILABLE UNITS	232	5.2%

Note: Units in the "vacant-other" category are primarily those that are not fit for occupancy.

Source: 1980 Census and 1990 Census STF 1.

In 1980, Grass Valley had a high overall vacancy rate--9.8%, or 333 units of 3,370. If vacant second homes are omitted, the vacancy rate was 9.2%. In 1990, the City had an overall vacancy rate of 5.2%. Grass Valley had 232 vacant units of 4,385 (not including five units that were boarded up). In May of 1991, the Department of Finance estimated a vacancy rate of 4.57%.

In 1980 the rental vacancy rate was 9.5%. It dropped to 2.2% in 1990. The 1980 homeowner vacancy rate was 4.3%, while in 1990 it was only 1%. Within a decade, both rental and homeowner vacancy rates went from being higher than optimal to much lower than optimal. Two significant factors in the drop of rental vacancies between 1980 and 1990 was the increase in households migrating to the City who could not afford home ownership and the increase in the number of senior citizens looking for rental housing.

TABLE 38
VACANCY RATES 1980 & 1990

	1980	1990	Optimum % rates	Decrease % points
Single Family Homes	4.3%	1.0%	2%	3.3%
Rental Units	9.5%	2.2%	5-6%	7.3%

Source: 1990 Census, STF-1.

A housing market with a reasonable vacancy rate also has a built-in market protection against sudden or rapid increases in housing costs. The necessary minimum vacancy level depends, in part, the level of mobility of the local population. In communities with high mobility, where a substantial percentage of the population changes residence each year, the necessary vacancy rate for adequate consumer choice will be higher than in housing market with relatively low mobility.

The nation has been facing a recession since early in 1991, and this has had a slowing effect on the real estate market. A review of the Real Estate section in The Union newspaper, covers most of the County, including the Grass Valley-Nevada City area, Penn Valley, Alta Sierra and Banner Mountain. The Real Estate section, for the last week in May, shows more than 457 homes and 37 vacant lots for sale. There were more than 100 houses for rent, ranging from \$1,450 a month, for a six-bedroom house, to \$500 a month for a one-and one-half room cottage. Rental apartments ranged from \$700 for a three-bedroom to \$300 for a studio unit.

At this point in time, there is a large number of housing units either for sale, or vacant and available within the larger housing market, although vacancies within the City of Grass Valley are low. The measure of housing vacancy within the larger area is probably a more accurate reflection of the relative balance of the housing market as perceived by immigrants to Grass Valley.

TENURE

The most recent city-wide data for numbers of owner and renter households for Grass Valley are found in the 1990 Census. The number of homeowners has decreased and the number of renters has increased over the last decade. In 1980, 1,452 households were homeowners (48%), and in 1990 1,708 or 41% of the households were homeowners. Ten years ago 1,585 households were renters (52%), and in 1990 58.8% of the households were renters.

TABLE 39
TENURE OF HOUSING IN GRASS VALLEY

	1980	% of units	1990	% of units
Owner-occupied	1,452	48%	1,708	41%
Renter-occupied	1,585	52%	2,440	59%

Source: 1990 Census, STF-1.

ENERGY CONSERVATION

State Housing Element law requires an analysis of opportunities for energy conservation with respect to residential development. This requirement expresses State concerns about future needs and development of energy resources, but is also included because of the benefits of reducing everyone's monthly utility bills and housing costs as much as possible.

Grass Valley has demonstrated a progressive and active stance toward energy conservation through the establishment, in 1981, of a City Energy Commission to oversee energy conservation programs within the City. Programs initiated include energy audits of City facilities (which have resulted in cost saving of \$50,000/year in City utility bills) and recycling programs. The Commission is not presently funded by the City and its future is uncertain. The City has worked jointly with Sierra Committee on weatherization of low-income homes through the City's 1983 Community Development Block Grant.

The City of Grass Valley is enforcing the provisions of Title 24 of the California Administrative Code which provide for energy conservation standards in new residential construction. Title 24's standards create energy savings in excess of 50% over prior construction practices.

The Nevada County Housing and Community Services (HCD), located in Nevada City, plays an important role in creating more energy efficient residences. HCD offers information, guidance and programs to the public. Energy saving methods cover: appliance use and maintenance, wood purchasing and burning, how to save water and what to do during an energy emergency when the energy has been interrupted. HCD also

promotes two federally funded programs. The Home Weatherization Program encourages home owners, renters and elderly persons who qualify to weatherwise their dwellings. The second program is the Energy Crisis Intervention Program for low income persons who need help paying their energy bills.

The City of Grass Valley can play an important role in creating more energy efficient residences. Because of the high number of clear, sunny days, most solar energy applications are appropriate for the Grass Valley area. The City could adopt and promote solar design guidelines, as well as solar zoning regulations to protect landowner's right to sunlight. The City can also encourage public and private efforts to retrofit older, energy inefficient homes.

Grass Valley has not adopted any new solar regulations above and beyond State and County requirements since the last General Plan and Housing Element. For greater energy efficiency, Grass Valley's General Plan outlines the policies and actions which cover building orientation, internal building design, insulation, appropriate building exteriors, landscaping, street design and site location. The City now requires, as a condition to project approval, that new residences qualify as Energy Conservation Homes under the 100 Point Energy Conservation Efficiency Program sponsored by PG & E.

From January through December 1992, Pacific Gas and Electric (PG&E) has chosen Grass Valley as one of its target areas for the "Energy Partners Program". PG & E define target areas as those in which 60% of the people are under 80% of the median income. Once the target area has been defined, all private homes (excluding mobilehomes and apartment buildings) in the area can apply for the program, regardless of income. "Project Go" is the contractor which performs the work in the target areas. Citizens in the target area are publicly notified through advertisements in the local newspapers, letter mailings and door-to-door canvassers.

The Energy Partners Program covers weatherization upgrades and energy education in a four step process which includes:

- 1) Home assessment for energy use and free energy improvements, tips on how to cut costs. Conservation items: attic insulation, weatherstripping, caulking, water saving showerheads, water heater blankets, furnace filters, fluorescent light bulbs and pipe wrap.
- 2) Installment of the energy saving items needed.
- 3) Computerized analysis of monthly and annual energy uses and payment savings.
- 4) Follow-up inspection for insulation installment.

The Energy Partners Program has a goal to weatherwise and conserve energy in 1,630 Grass Valley homes between January and December of 1992.

CHAPTER V: GOVERNMENT INFLUENCES

The ideal housing market is one in which private industry is able to satisfy the needs and demands of all its users without the necessity of governmental intervention. The housing market is often prevented from functioning more effectively because of constraints imposed by government as well as those originating in the private sector. One of the principle objectives of the Housing Element is to identify those factors which inhibit the housing market from performing properly and to attempt to correct those inequalities that are within the power of local government to influence and with minimal adverse side effects.

The production and delivery of housing is a complex process involving several layers of government and countless private participants. It is largely because of this complexity and multiple involvement that housing costs can rarely be directly influenced solely by one segment of the housing delivery system.

Several components of housing production are beyond the control of local government, such as the cost and availability of mortgage capital, labor, and materials. Other key elements are directly controlled by local government, however, and are legitimate subjects of inquiry for a Housing Element. The most obvious and significant factors falling within the influence of local government include land availability, development processes, infrastructure, building regulations, community amenities, and the land use regulatory system.

For Grass Valley, the most significant constraints and costs to new development that the City can affect are required sewer facilities, needed school facilities, environmental constraints, and traffic impacts. Grass Valley can certainly work with the private sector and other public agencies to mitigate the effects of these factors on new development, although they cannot be entirely eliminated.

The City's development processes, land use regulatory systems, building regulations and the newer design review process are more complicated and time consuming than development review processes of twenty years ago. The more complicated nature of development review is, in part, due to higher citizen demands for more environmentally sensitive development, in part due to increasing state requirements, and, in part, due to the more environmentally sensitive lands which represent the majority of vacant land remaining for development.

Governmental processes have the potential for becoming a constraint to the production of lower-cost housing, but are not a constraint, at this time, to the production of housing in general (i.e., the City's land use regulatory system does not constrain the number of dwelling units which can be constructed but does affect costs).

LAND AVAILABILITY

Through its planning and zoning policies and practices, local government dictates how much and in what location land will be made available for residential development, the timing of land availability, and the conditions under which such land may be used.

The location, extent, density and type of residential development are controlled by cities and counties through their use of the planning and zoning powers delegated by the State of California. Although the community's housing needs could conceivably be met by residential development outside City limits, the County's zoning and septic tank requirements limit that development to single family houses or mobile homes at rural densities.

The City of Grass Valley does not have an abundant amount of land in which to develop residential housing within its present City limits. It does however, have a selection of in-fill acreage and land within its sphere of influence. Most of the viable sites are outside the city limits, and must be annexed for development between 1992 and 1997. Land availability is further diminished by terrain features such as steep hillsides and creeks.

Developing these areas can endanger the environment and greatly increase the costs of construction. There is enough, less environmentally sensitive, land in and around the city, however, provided that the sewer can be extended in the near future.

A vacant land inventory has been compiled for possible and future development (Table 40). Sites are listed according to their development status. There are 16 vacant sites being considered for possible development within, and just outside of the City. Twelve of these sites do not have a specific development proposal at present, or they are in the first stages of being examined for development. Of the first 12 possible sites, only two, Adams Lane/South Auburn and Linden/Alta, actually have all utilities present and no limitations. The remaining 10 sites have various, but surmountable limitations and may need annexation to the City, sewer extensions, necessary street frontage improvements or traffic systems expansion. Table 40 shows the status of each site, describes the relevant factors limiting or facilitating its development, and discusses the potential for increased density on each site based on topographic and environmental factors.

There are four proposed sites which need to complete general plan amendment, zoning and/or annexation processes. Finally, two projects have recently been approved: Morgan Ranch, which is still under construction, and Cypress Hill, which has recently been completed.

**TABLE 40
VACANT LAND INVENTORY
PROJECT STATUS CHART**

SITE & NOTES	<u>GP/Zoning Designation</u>	<u>Acres</u>	<u>DU per Acre</u>	<u>DU/P</u>	<u>DU/A</u>
NO DEVELOPMENT PROPOSAL					
1) Adams Lane/So. Auburn (All utilities present. Portion of site zoned for industrial use is steeply sloped. Portion of site zoned for residential use is more gently sloped and could support residential density of up to 12 dwelling units per acre. Owner is not interested in developing residential uses at present time and would like to develop an industrial project.)	OP/R-2	9	6	N/A	N/A
2) Eureka/Murphy (Six acres remaining, steep hillsides & sensitive environment. Property is held jointly in estate by several persons, which could impede property development if owners cannot agree on development plan. Hilltop Estates congregate care facility has expressed interest in expanding its facilities onto this site. City would consider rezone for such expansion.)	ULD/R-1	6 (a)	4	N/A	N/A
3) Linden/Alta* (All utilities present, no limitations. This site has the potential for development at higher density for low-income housing.)	ULD/R-1	8	4	N/A	N/A
4) West Berryhill (A portion of the site has been developed with fitness center. The remainder of the site zoned for residential use is on a steep hillside which could not support development at higher than 4 dwelling units per acre.)	OC/R-1	5	4	N/A	N/A
5) Dolores Drive* (Is within the service area, but not contiguous. Now zoned for public use. The City recently expanded its water treatment plant, reducing the acreage potentially available for residential development from 13 to approximately 11.1 acres. Site is physically suited to multifamily development for low-income housing. The City is considering the sale of this site for private development, but the only way the site could be annexed to the City is if the owners of property between the City limits and the site also agree to be annexed. The City cannot annex non-contiguous land. A one-quarter mile sewer line extension would be necessary to serve this site.)	UMD/Uninc.	11.1	6-12	N/A	N/A
6) Litton (Portion of a 215 acre planned employment site. The community college has first priority for the acquisition of this site for a satellite campus. If the college does not purchase this site, it could support residential development at a maximum of 12 dwelling units per acre due to moderate topography.)	UMD/R-1	40	4	N/A	N/A

7) South of Dorsey Drive (CalTrans is considering a portion of this site for a new interchange with Highway 49. The remainder of the site has steep topography and could not support more than 6 units per acre. The City has zoned this site for a 170 unit mobilehome park. The owners of this property have expressed an interest in developing the site for highway-commercial oriented uses, which might be more appropriate if the highway interchange is constructed.)	UMD/R-2A MH	29	6	N/A	N/A
8) Dorsey Meadows (Some street improvements installed, but street frontage improvements, which are customarily the responsibility of the property owner, are needed. A portion of this site has been approved as a PD for 34 townhouses [ten have been developed] and a 99-bed convalescent hospital. An additional 1.5 acres is proposed for an office development. The remaining residential portion of the site could not be developed at more than 20 dwelling units per acre due to an agreement between the homeowner association and the developer.)	UHD/R-3	10.5	21	(b)	
9) Glenbrook* (44 apartments have been built on 2.5 acres with 155.5 acres remaining. This site is connected to the City's sewer system, which currently exceeds the wet weather flows allowed under the discharge permit issued by the state. Nonetheless, the City has approved connections for two developments, a 78-unit low-income housing project and a 34-unit elderly project. Neither project sponsor plans to annex to the City, so Grass Valley cannot claim credit for approving these developments as part of its share of the region's housing needs.)	UHD/uninc. ULD/R-1(c)	158	1-20 Variable		
10) North Star (Major traffic system expansion is a constraint. The upper end of this site abuts the Highway 20/49 interchange, and street access to the site is limited as a consequence. The 278 acres designated for residential use represent a portion of the 728-acre property. The owner is not actively pursuing development at the present time.)	UMD/uninc. ULD R-1	278	1-12 Variable		
11) Loma Rica (The property owner and the City are preparing a plan and draft EIR for development consistent with the General Plan, but this project is controversial.	UMD/uninc.	454	6-12 Variable		

12) Empire Forest Estates* (Meadow south of East Bennett Street. This site is not contiguous to the City so the owners of the intervening properties would have to annex to the City as well. The property owner has proposed 99 townhouses on that portion of the site which is not wetlands. To develop the project as now proposed will require a General Plan amendment, pre-zoning, tentative map approval and annexation.)	PEC/uninc.	39	1-20	99(d)	N/A
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POTENTIAL CAPACITY OF SITED LISTED ABOVE: 13,478 dwelling units

GENERAL PLAN, ZONING & ANNEXATION PROPOSALS - CURRENT PROPOSALS

13) Glenwood Subdivision (South of Race Street. Tentative map & annexation denied due to insufficient information. Revised development plan and annexation needed. There are 30% slopes wetlands on this site, so development at more than 4 dwelling units per acre is not appropriate. The property owner requested to connect to the City's water system. No development proposal is pending.)	ULD/uninc.	12	4	16(e)	N/A
14) Mother Lode Village (Southeast of La Barr Meadows Road and east of Mc Knight Way. Project application is incomplete pending solution of traffic impacts, sewage capacity and other environmental information. This site is in a remote location adjacent to Empire State Park. The project proposal is being revised to address City concerns regarding compliance with the General Plan and is expected to provide a combination of residential, industrial, and commercial land uses.	PEC/Uninc. (g)	51	4	130 (e)	N/A

Total Proposed Dwelling Units:

146

APPROVED AND PARTIALLY-APPROVED PROJECTS

15) Carriage House Subdiv. (South end of Freeman Lane, east of Wolf Creek. Water, sewer and streets have been extended. Creek frontage and 40% slopes limit development on the portion zoned for single family use. The remaining portion of the site could accommodate development at 12 or more dwelling units per acre. 47 single family and 60 multifamily units were originally approved, but only four single single family homes have been constructed. The present property owner has requested approval to construct 72 condominium units, rather than the 60 multifamily dwelling units previously approved.	ULD/R-1 (h) UMD/R-2A	30 5	4 6-12	47 72	N/A
16) Ventana Sierra (North of Morgan Ranch.) Annexation has been completed. Improvements to this subdivision are being made.	ULD/uninc. R-1-X (f)	24	4	37(e)	37
17) Scotia Mine (Tentative map approved. The City has approved the and development of this site at six dwelling units per acre.	UHD/uninc. R-1	20	21	54(e)	54

18) Morgan RanchSP4/A - 6
(j)

61

103

74 (i)

(130 lots have been approved on 43 acres, of which 110 lots have been developed with single family homes. 61 acres remain undeveloped with sewage lift stations and force mains installed. 13 acres have been approved at 10 units/acre, with single family lots as small as 4,000 square feet. Although the City's zoning code generally requires 10,000 square-foot lots for single family homes, the City can and has approved smaller lot sizes in planned developments where topography and environmental conditions can support smaller lots.)

Dwelling Units Approved, Not Constructed: 344

Dwelling Units Approved, Constructed: 114

Dwelling Units Pending: 126

COMPLETED PROJECTS**19) Cypress Hill (#2)**

ULD/R-1

26

4

107

107

(107 single family units have been completed.)

DEVELOPMENT SUMMARY:

Potential units on sites with no proposals: 3,942-13,478

Proposed units in pending projects: 272

Approved units, not constructed: 344

Constructed dwelling units: 221

DU = Dwelling Unit/per acre

DU/P = Dwelling Units Proposed

DU/A = Dwelling Units Approved

PEC = Planned Employment Center

P/U = Zoning Dwelling Units/acre

SP = Specific Plan

ULD = Urban Low Density

UMD = Urban Medium Density

UHD = Urban High Density

Uninc. = Unincorporated area

NOTES

- (a) 86 single family homes were built, and six acres remain, but it is doubtful that this portion could be fully developed.
 - (b) 36 elderly apartment units were built, as well as a 99-bed convalescent home.
 - (c) 99 townhouses have also been proposed for a portion of this site, but no specific development application has been submitted to the City.
 - (d) When unincorporated land is annexed, it is zoned R-1 and then use permits, or other zoning changes are proposed. The General Plan policy for this area is consistent with R-1 to R-2A zoning, so it has a potential for 1-20 units per acre.
 - (e) single family units.
 - (f) The steeply sloping property has been zoned R-1-X on the conditionally approved tentative map.
 - (g) Proposed change to ULD
 - (h) The site has been split into two zones, with 48 single family homes proposed for the R-1 and a variable number for the R-2A zone.
 - (i) 130 single family homes with the potential to build 4 per acre on the remaining 61 acres (244 units) equals 374 for total potential. Specific Plan and tentative map have been conditionally approved for the entire project.
 - (j) Adopted tentative map approved.
- * Properties noted with an asterisk are physically suited, in the City's opinion, for higher densities necessary to support the development of low-income housing, but rezoning would be necessary to achieve such densities.

Source: City of Grass Valley Planning Department, December 1991.

There are 1,281 acres for possible and proposed development. Of the total number of acres listed on the vacant land inventory, 1,059 of these acres are unincorporated at this time. The dwelling unit densities range from R-1 (four units per acre) to R-2A (up to 20 units per acre). When the City annexes land, it is zoned R-1, unless there is a application for a zoning change. If a zoning change is requested prior to, or concurrently with, annexation, such land is brought in and zoned according to the approved designation. It is difficult to quantify the total number of potential units on lands not presently within the City limits, therefore. If the topography is such that there are canyons, ravines or wetlands, the zoning density potential will be adjusted in order to develop on the viable acreage and protect the environmentally sensitive areas.

The 1992 vacant land inventory shows 2,255 dwelling units proposed in various plans when they were submitted for review. This total is very optimistic, as was previously stated. Topography, other environmental considerations, and the sewer situation must be considered before a final number of viable units can be quantified. At present, 565 dwelling units have been approved or are under construction. This is a large number considering that the Sierra Planning Organization Regional Housing Allocation Plan states that the City of Grass Valley is responsible for providing 1,112 units between 1990 and 1997.

The largest constraint to new development is the sewer system. There is a serious need for quality upgrading (repair and replacement), as well as, expansion of capacity and capability. Of all the possible development sites, with and without proposals, only two have all the infrastructure in place.

There would be a larger potential for new residences if the sewer system can be upgraded and expanded, as the City is presently attempting to accomplish, and plans for development can meet the criteria in the general plan, zoning and annexation processes.

The high cost of land and the expense of providing utilities and services in rural areas prevent this type of development from providing very many affordable opportunities for low and moderate-income households. Higher "urban" densities are usually required in order to provide rental housing at affordable rates. Limiting the City's attention to building sites within and adjacent to its boundaries thus reflects the City's limited power to assist affordable housing outside those boundaries and the City's limited ability to control development in surrounding unincorporated areas until they are annexed.

Adequacy of Sites to Meet City's Regional Housing Share

For Above Moderate-Income Households. All sites zoned for residential use can meet the needs of above moderate-income households. Land presently zoned and available within the City limits, or anticipated to be available within the next five years and zoned for single family use and multifamily housing for 6 to 12 dwelling units per acre, are the most likely to contain housing for above moderate-income households. Clearly, there are sufficient zoned sites and sites that could be annexed to the City to meet above moderate-income housing needs, (the City's share of the Sierra Foothills region above moderate-income housing need is 948 units). The City's land use regulatory system poses no constraint developing enough housing for this income group. See the following discussion on infrastructure, however, for a discussion of the potential sewer system constraint.

For Moderate-Income Households. Some housing, primarily townhouses and condominiums, could be constructed at 6-12 units per acre at prices affordable to moderate-income households if the City offers regulatory incentives and/or financing at 8% or less is available. Townhouses and condominiums selling at between \$105,000 and \$125,000 would be affordable to moderate-income households earning between 100% and 120% of median income. (An examination of sales listings for Grass Valley townhouses in 1991 indicates that \$110,000 to \$130,000 is a typical price range for two- and three-bedroom townhouses.) The discussion of housing costs in this chapter concludes that it is possible to produce multifamily ownership housing within this price range. Most of the remaining moderate-income housing needs can be met with market-rate rental apartments at 12 to 20 units per acre.

The City's two most recent market-rate rental apartment projects were constructed at 15 and 20 dwelling units per acre. These complexes, developed in 1989, received no special regulatory incentives (density bonus or fee waivers, for example) or financial assistance from a government agency. Rents for two- and three-bedroom apartments range from

\$655 to \$745 (the rent range was \$615 to \$715 when these apartments were first offered for rent in 1989). Rents in this range are affordable to moderate-income households of four or more persons, and three-person households earning 90% of median income or more.

There are no recently developed rental apartment projects which contained one-bedroom apartments. Based on rents for two- and three-bedroom apartments and rental rates for one-bedroom apartments in older projects, it is likely that one-bedroom apartments in a relatively new development would rent for \$525 to \$575, which would be affordable to all moderate-income two-person households and one-person households earning 90% or more of median income.

The following table shows the maximum rent that moderate-income households could afford if 25% of income is devoted to rent and 5% to other housing expenses (primarily utilities).

MAXIMUM AFFORDABLE RENTS

<u>Household Size</u>	<u>Affordable Rent</u>
One	\$460 - \$ 690
Two	\$525 - \$ 820
Three	\$590 - \$ 890
Four	\$655 - \$ 980
Five	\$705 - \$1,050
Six	\$760 - \$1,140

Based on available data on apartment rents and townhouse costs, market-rate housing at 6 to 20 dwelling units per acre is affordable to most moderate-income households. There may be a need, however, to provide one or more projects with regulatory incentives, a density bonus, and/or some type of interest-rate subsidy to reduce the cost of housing for those moderate income households (primarily households earning between 80% and 90% of median income) who may not be able to afford market-rate housing in Grass Valley.

The land use inventory shows eight sites zoned or suited to development at more than six dwelling units per acre, the density range at which housing affordable to moderate-income households could be constructed. In addition, the proposed site for the Community College satellite campus would be appropriate for development within this density range, if the College chooses not use the site. Not included are two sites, one designated for 6-12 units per acre and one designated for 20 units per acre, that will probably not be developed at these densities due to reasons cited above. The following list summarizes the most likely sites for higher density housing:

<u>Site</u>	<u>Location</u>	<u>Gen Plan</u>	<u>Needs Zoning</u>		<u>Acres</u>
			<u>Potential</u>	<u>Or Rezone?</u>	
Adams Lane	City	6/ac	12/ac	Yes	9
Linden/Alta	City	4/ac	12/ac	Yes	8
Dolores Drive	Uninc.	6-12/ac	12/ac	Yes	11
Litton*	Uninc.	4/ac	12/ac	Yes	40
Dorsey Meadows	City	20/ac	20/ac	No	10.5
Glenbrook	Uninc.	20/ac	20/ac**	Yes	158
North Star	Uninc.	12/ac	12/ac	Yes	278
Empire Forest	Uninc.	20/ac	20/ac**	Yes	39
Carriage House	City	6-12/ac	12/ac	Yes	5
Morgan Ranch	City	10/ac ***	12/ac	Yes	61

NOTE: The "Potential" shown in column four is the City's estimate of a reasonable density potential of each site based on present environmental circumstances. As shown in column five, pre-zoning or rezoning would be necessary to achieve these densities on all but one site.

* Site for possible community college satellite facility.

** Could be up to 25 units per acre with density bonus for low- or moderate-income housing.

*** Planned development approval.

For Low- and Very Low-Income Households. Densities of 15 to 20 dwelling units per acre are not sufficient, under current market conditions, to allow the development of market rate housing affordable to low-income households, and may not be sufficient with government incentives and/or subsidies to make rental housing affordable to households expected to reside in Grass Valley who earn less than 60% of median income. (See discussion of land costs below--there have not been enough sales of multifamily-designated land to confirm this conclusion, however.)

Government subsidized low- and very low-income rental housing constructed between 1972 and 1983 in Grass Valley was developed at between 11 and 12 dwelling units per acre (one exception was a 7.5 unit per acre project), which was sufficient at that time to make such development financially feasible.

During the 1980s, higher densities were more common, between 12 and 20 dwelling units per acre. One project developed in 1986 contained 12 dwelling units per acre, while another developed in 1989 contained 20 dwelling units per acre. Based on the historical development record, one could assume that rising land and development costs since the early 1980s have increased the minimum density necessary to produce affordable rental housing, even with regulatory incentives and subsidies.

Projecting the historic rise in land and development costs forward through 1997 (see the discussion of land and construction costs in this chapter), a density of range of between

18 and 25 dwelling units per acre, with regulatory incentives and/or some government subsidies, may be necessary to produce housing affordable to low-income households during the 1990s. The most recent affordable housing proposals in the Glenbrook Area (see Table 44) are within this density range.

The City could presently accommodate 18 to 25 dwelling units per acre in its highest density residential zone, with a 25% density bonus needed to achieve 25 dwelling units per acre. Two locations within Grass Valley's General Plan area containing 197 acres could be developed at the highest density under the City's current General Plan.

Because the City's share of the region's low-income housing need is only 31 dwelling units, Grass Valley would only need to accommodate one or two developments which include low-income housing at 18-25 units per acre to meet its low-income housing objective. (The City has adopted other programs, such as second units and housing above street-level commercial uses in the downtown area, that could produce additional low-income housing, as well--see the Chapter VII: The Housing Program.) The two areas presently designated should be sufficient, therefore, to provide enough land to ensure that at least one or two affordable housing projects can be constructed between 1992 and 1997.

In fact, the City has approved a low-income and an elderly housing project on one of the sites, located just outside its present City limits, for connection to the City's sewer system. Neither property owner intends to annex to the City, however, and the development of these two projects will not be credited against Grass Valley's share of the region's low-income housing need.

There are no available residential sites within the present City limits that appear environmentally appropriate for housing at up to 25 units per acre, although there is one 10.5-acre site approved for townhouses at 20 dwelling units per acre. A portion of the Dorsey Drive site and the Litton property, both within the City limits, could be available for higher density residential development if Cal-Trans and the Community College change their plans. In addition, a portion of the Northstar site outside the City limits could physically accommodate higher density housing if access to the site can be improved.

General Plan/Zoning Densities Versus Actual Development Densities

Grass Valley allows developments at less than the maximum zoned or General Plan density. Single family developments have been proposed and approved, historically, on land designated for 6 to 12 dwelling units per acre. Lower densities are often proposed because the local housing market favors single family dwelling units.

Four proposed single family developments (see Table 44) would contain fewer than 4 dwelling units per acre, even though the City's General Plan allows up to four, due to environmental problems--wetlands and steep slopes--on these sites. Another development proposal, Scotia Mines, was reduced to six units per acre as a condition of

annexation and subdivision approval because of access problems that resulted in community opposition to higher density for this site.

One project under construction, Morgan Ranch, contains a mixture of single family housing at less than the maximum density allowed under the Specific Plan for this project, and higher density housing at the maximum-allowed 10 units per acre. The only development completed within the last year, a 26-acre single family subdivision, was constructed at the maximum allowed density of four dwelling units per acre.

Of those multifamily development approved since 1986, the density has ranged from 7.5 to 12 dwelling units per acre on land designated for 6 to 12 dwelling units per acre, and from 12 to 20 dwelling units per acre on land zoned for up to 20 dwelling units per acre. Multifamily developments approved since 1989, however, indicate a trend toward development proposals closer to the maximum allowed density--10 to 12 dwelling units per acre within the 6-12 units/acre General Plan designation, and 15-20 dwelling units per acre in the 12-20 units/acre General Plan designation.

In sum, a combination of market preferences, environmental factors, circulation constraints, and community opposition have caused several developments to be proposed or approved at lower densities than the maximum allowed by the General Plan. Conversely, there appears to be a trend toward higher densities for multifamily housing, particularly affordable housing developments. To mitigate the possibility that remaining land within the City designated for higher densities is actually developed for single family housing, Grass Valley could pursue a more aggressive annexation policy to encourage owners of property in Glenbrook, Empire Estates, and other unincorporated sites to annex to the City.

SCHOOL FEES AND INFRASTRUCTURE NEEDS THAT IMPACT FUTURE RESIDENTIAL CONSTRUCTION

There are two schools in the City of Grass Valley, the Nevada County Joint Union High School (9-12) and the Grass Valley Elementary School (K-8). Both schools are overcrowded and under-funded. The \$1.58 a square foot school fee charged for residential construction is inadequate to meet the serious funding needs of the schools. The fees will increase to \$1.68 a square foot in July of 1992, but the schools are also evaluating the possibility of requiring developers to provide additional funds or infrastructure improvements to the schools. Recent court decisions have favored such measures as a means of alleviating some of the chronic financial problems of local school districts, and the Grass Valley Schools may soon impose such requirements local residential development.

While adequate school facilities are necessary to accommodate new development, funding mechanisms currently available under the state constitution place a heavy financial burden on new development to bear most, if not all, of the cost of financing new schools. New schools provide community-wide benefits beyond providing a place to educate children living in new residential developments. There is no satisfactory method to

capture funds in advance for this community-wide benefit, however, except through voter-approved bonds. The added cost of school facilities fees is not an impediment to housing production per se. The financial feasibility of constructing affordable housing for lower-income, and even some moderate-income households could be seriously affected, however.

The traditional mechanism to ensure adequate funding for local school facilities, community-wide funding through general obligation bonds backed by property taxes, could mitigate the financial burden on new residential development. This option is not available, however, under state constitutional restrictions.

The ability of Grass Valley to mitigate the present undesirable school funding system is limited. The City cannot change state limitations on funding options. Nor can the City supersede the separate legal authority of school districts to impose fees or other financing requirements to fund new school facilities. Grass Valley can, however, take a number of actions in cooperation with the school district to mitigate school financing costs. These include:

- providing whatever assistance may be required to place bond measures on the local ballot the pay for new school facilities;
- assisting the school district in establishing a community-wide Mello-Roos or other type of facilities or assessment district to finance schools through special assessments;
- working with the school district to select the least costly method of constructing new school buildings--this may even include having builders construct some facilities and donating them to the school district;
- using tax increment funds to pay for school fees for low-income housing developments, if necessary, to maintain the financial feasibility of such projects; and
- encouraging the school district to pro-rate its fees based on the actual anticipated impact of new residential developments.

LAND DEVELOPMENT PROCESS

Through its subdivision ordinances and other land use controls, local government provides the framework within which development may take place. The process established may frustrate or facilitate residential development, depending on how the process is administered. Grass Valley's Zoning Ordinance (Ordinance No. 69 N.S. as amended, January 1991) has established five residential zoning districts. The uses and densities permitted in these districts are summarized in the following table.

TABLE 41
USES AND DENSITIES PERMITTED
IN RESIDENTIAL ZONING DISTRICTS

Residential Zoning District	Uses permitted Without A Use Permit	Maximum Density	
		Sq. ft/unit	Unit/acre
RE SINGLE FAMILY RESIDENTIAL ESTATE	Low density, single family & related accessory uses & structures.	1-3 acres (a)	1
R-1 SINGLE FAMILY RESIDENTIAL DISTRICT	One Family dwelling Manufactured home if on foundation Utilities & public uses.	10,000	3.5
R-2 TWO-FAMILY RESIDENTIAL DISTRICT	1 or 2 family dwelling All R-1 uses.	10,000/ duplex unit	7.0
R-2A MEDIUM DENSITY RESIDENTIAL DISTRICT	One-family dwellings Multiple-family dwellings Rest Homes (by use permit) Utilities & public uses.	3,500/ unit (10,000 minimum)	12.0
R-3 MULTIPLE FAMILY DISTRICT	All dwellings including group dwellings Boarding Houses Clubs and lodges (with a use permit) Utilities and public uses.	2,000/ unit (10,000 minimum)	20.0

(a) One acre (43,500 sq. ft.) minimum where connected to a public water supply and sanitary sewer system.

One and one-half acres (65,250 sq. ft.) minimum where public water supply and individual septic tanks and leach lines are used.

Three acres (130,500 sq.ft.) minimum where connection to water supply nor to a sanitary sewerage system is available.

Source: City of Grass Valley Housing Element, 1986-1991, p.27.

The minimum lot area in all residential zones is 10,000 square feet; this is standard for net area exclusive of existing or new streets. This size in today's market conditions poses a greater constraint to development than would smaller minimum parcel sizes due to higher costs associated with roads, utilities and land acquisitions. This minimum parcel size has been established by the City due to the steep topography that characterizes most of the remaining vacant land in the City and adjacent areas that could be annexed and developed.

The City has determined that 10,000 is the minimum lot size needed on remaining single family zoned land within the City to provide a suitable area for building a single family dwelling unit and meeting parking requirements. The City has reached this determination because most remaining single family-zoned land within the City contains slopes of more than 20 percent. The City could consider, and has approved, smaller lot sizes on parcels with less steep topography. Alternative building techniques could allow for smaller lot sizes, as well, if buildings are designed to conform to the topography of the site, rather than being placed on graded building pads. The City has, in fact, approved smaller lot sizes in Planned Developments where lesser slopes make smaller lots appropriate (see Table 44).

The actual or net density resulting from subdivision and development of bare land is necessarily less than the maximum allowed because of the space required for streets and other non-residential uses. The density figures also obscure the fact that dwelling units vary widely in size and that there are very few limits on the maximum size of dwelling units or the number of people housed in large units.

Development processes include fees, building valuation rates and exactions. Grass Valley's Building Department provides the fee rates. Table 42 shows the development fees in place since September 1990. The fees cover single and multi-family residential units.

Parking Requirements

For each single family dwelling, the City requires two off-street parking spaces, one of which must be covered. For each studio or one-bedroom multifamily dwelling, the City requires 1.5 parking spaces, and for each two- or more bedroom multifamily unit, two parking spaces. These requirements include guest parking. One of the required multifamily spaces for each unit must be covered. For secondary dwelling units, the City requires one parking space for each studio or one-bedroom unit, and two spaces for each two- or more bedroom unit. In light of the modern patterns of automobile ownership and use, requiring two-offstreet parking spaces for each single family dwelling and each two- or more-bedroom multifamily dwelling units does not appear to be excessive. The City could consider reducing parking requirements for elderly developments and in other specific instances in which two spaces per multifamily unit would not be necessary.

The parking requirements for secondary units should not impose a constraint on the construction of such units. Most second units in Grass Valley are studio and one-

bedroom units, requiring only one additional parking space. Even if two additional parking spaces are needed, however, the City allows required back yard and side yard areas to be used to meet parking requirements (except side yards on corner lots). Since lots containing second units must have at least 10,000 square feet, there would be few instances in which the required additional parking could not be accommodated on-site.

**TABLE 42
SINGLE AND MULTI-FAMILY
DEVELOPMENT FEES**

Function	Residential Units
Roads	\$ 974.66
Drainage	140.39
Sewer Treatment	698.23
Sewer Collection	505.08
Water	360.00
Fire	1,245.00
Police	316.24
Administration	<u>205.71</u>
TOTAL	\$ 4,445.31
Less Water	4,085.31
Less Sewer	3,242.00
Less Water & Sewer	2,882.00
Less Water & Drainage	3,944.92

Residential Additions

based on a 1400 sq.ft. Equivalent Dwelling Unit
Fees are applied if additions are more than
500 sq.ft. Fees would then be \$3.18 x 540 sq. ft.

	per sq.ft.
TOTAL	\$ 3.18
Less water	2.92
Less Sewer	2.32
Less Water & Sewer	2.06
Less Water & Drainage	2.82

Source: Grass Valley Building Department, effective 9/11/91.

The fees charged by the city are average charges for the county and cities in the area, although sewer fees may need to be increased in the future. According to the City's

Building Department Building Valuation Data, the cost per sq. ft. for residential buildings is \$69.00. Seismic fees run \$.10 times every \$1,000 of valuation. An example of fee calculations for a single family unit would be:

Cost per sq.ft. multiplied by square footage = TOTAL VALUATION

$$(\$ 69.00) \quad X \quad (1000) \quad = \$ 69,000$$

One percent of the Total valuation equals the Building Permit Fee, or \$ 69.00. Sixty-five percent of the Building Permit Fee equals the Plan Check Fee, or \$ 448.50. The development fees and valuation rates are not excessive, nor are they a constraint to construction.

INFRASTRUCTURE

Many services prerequisite to housing and development, including sewers, water, streets, and electricity, are directly or indirectly controlled by local government policies and actions.

Sewer System. The sewer system in Grass Valley needs to be rehabilitated and upgraded. The lack of complete engineering plans and funding for a sewer system expansion is the largest single governmental constraint to new construction. According to the Planning Department, the problems with connecting lines and wet weather overflow has not completely stopped new development, but if not resolved within the next two years could affect the City's ability to meet its regional housing share by 1997.

At present, the sewer plant and main line are very close to capacity. If 300 new homes were added to the system it would be over its capacity. The quality of effluent from the sewer plant exceeds wet weather flows specified in the discharge permit as indicated in the cease and desist order from the Central Valley California Regional Quality Control Board.

Although these problems are not causing a public health threat at this time, the need for qualitative and quantitative improvements are necessary. If the sewer quality problems are not corrected, they could result in fines against the City. In April 1992, the City Council voluntarily issued an ordinance (No. 482 N.S.) temporarily suspending new sewer connections until the repair and replacement of the sewer plant was underway, new filters were added, and existing filters were rehabilitated, and other work was completed. Exceptions to this ordinance were granted for a low-income housing proposal and an elderly housing proposal in the Glenbrook area, which is connected to City sewer service but is not within the City.

This ordinance was in response to the State of California Cease and Desist Order, No. 89-070, requiring that the City of Grass Valley commence studies as to what measures it could implement in order to correct certain treatment deficiencies in the City's sewage collection treatment system and operations. Based on the construction progress

accomplished to date, the City Council, by ordinance (No. 499 N.S.) authorized exceptions to allow for 150 connections on a case-by-case basis from March 1993 to October 1994, when the present repair and rehabilitation work is scheduled for completion. The City is preparing plans to commence the sewer expansion project following completion of the repair and rehabilitation work in progress.

The quality of the present services need to be up-graded before the quantity of services can be expanded. Grass Valley has been diligently attempting to resolve existing deficiencies and to expand the system for new growth, but the City is far short of having sufficient funds to repair and expand the sewer system, despite fund raising efforts such as the sale of Pre-connection Rights.

There is no doubt that if the City is to meet its housing needs and encourage future development, it will have to continue to pursue an active role in acquiring funding for expansion.

A report prepared by a private engineering consultant firm found a need for the doubling the sewer plant's capacity at a cost of approximately \$9 million dollars. The City is currently seeking an FmHA loan to cover the bulk of the costs of repair, replacement and expansion. At this point in time, it will be late in the Fall of 1992, or early Winter of 1993, before it would be possible to obtain the funding and proceed with the necessary repair and expansion.

Water. The policies of Grass Valley include maintaining close cooperation with the Nevada Irrigation District in planning and developing new areas, thus ensuring, adequate water supplies for fire protection and domestic use, using development fees for appropriate projects and installed water meters to preserve adequate pressures, and requiring all new residences on newly created lots to hook up to a sanitary sewer system or approved alternative systems to avoid ground-water contamination. Water supply and quality are not constraints to meeting the City's regional share of housing by 1997.

Other Public Facilities. There are no other immediate public facilities concerns that would preclude Grass Valley from meeting its share of the region's housing needs between 1992 and 1997. As the Grass Valley area grows, there will be increasing pressure on local schools to accommodate additional children. As noted above, the City is presently working with local school districts to pursue funding alternatives to construct new classrooms. The City has no plans to impose a development moratorium based on school overcrowding, however.

Local streets must be improved as infill sites develop. Sites adjacent to the City to be annexed and developed must be connected to the regional street system. The City is developing a master street program in conjunction with Nevada County to identify needed street improvements and funding sources. Streets will be improved as development occurs through developer fees, assessment districts, or some combination of the two. Table 44 lists those sites that are impacted by access problems that cannot be physically mitigated without affecting existing dwelling units. Streets can be expanded and extended to other sites listed on Table 44. The issue for the latter category of sites is

financing, not engineering--who will pay how much to improve the street system. To mitigate the impact of required street improvements on low-income housing proposals, the City could adopt street improvement standards that minimize the cost of compliance for developers of affordable housing, discount the fees charged to affordable housing developments, or use redevelopment, state, or federal funding to help pay these costs for low-income housing developments.

BUILDING REGULATIONS

Through building codes and other land use requirements, local government heavily influences the style, quality, size and costs of residential development. Restrictive regulations may adversely affect the ability of homebuilders to provide housing, at affordable prices, for a significant portion of the population.

New construction in the City must adhere to the newly adopted 1991 State Uniform Building, Mechanical, Electrical and Plumbing Codes. The City has not created any local amendments that are more restrictive than the Uniform Codes, and consequently, the uniform codes are not considered a local constraint to development. Adhering to these codes, as required by the state, adds costs to development in the name of safety and for the public good.

Plan review, inspections and code enforcement are handled by the City Building Inspector. The City does respond to complaints about housing conditions with inspection and appropriate enforcement action. Potential buyers of real estate can request the City Building Inspector to examine buildings they are considering for purchase to learn advance of the code violations. This service is provided at cost.

COMMUNITY AMENITIES

Through its subdivision ordinances, land development process, and attitudes, local government determines those amenities which must be provided by the private sector in new housing developments. Parks, schools, bike lanes, and similar amenities placed on the developer of a new residential development obviously influence housing production and delivery. The local government may add such requirements when it negotiates the conditions which will be required for subdivision map approval. In determining the level amenities required for new residential development, the City does consider the cost impact on housing for low- and moderate-income households. Because the number of low-income dwelling units assigned to Grass Valley between 1990 and 1997 is relatively small, the City does not anticipate a need to require off-site amenities that might be required of larger developments.

LAND USE REGULATORY SYSTEM

Grass Valley is required to operate pursuant to the mandates of the State of California with respect to its land use controls, development processing and permit requirements. Each of the state's statutory and regulatory mandates are implemented by the City through ordinances, resolutions and other procedures adopted by Grass Valley City Council. Grass Valley's development processes represent minimum standards mandated by the state.

The components of the land use regulatory system currently mandated by the state are discussed under the topics of General Plan and Zoning, Subdivisions, Land Development, Environmental Review, Environmental Health and Local Agency Formation Commission (LAFCO).

Consistency with the General Plan Land Use Element

The State Legislature initially mandated that California cities establish General Plans in 1955. The legislature and courts require that local governments act in a manner "consistent" with the General Plan when approving subdivisions, and in the application and administration of zoning.

Despite the new relationship between zoning and general plans, they differ in several ways. A General Plan is comprehensive and addresses many subjects, including land use, housing, circulation and the environment. It is a long-range policy document addressing a desirable future. And, it is general, dealing with categories of land uses, ranges of intensity, policies for environmental quality, services, protection from natural hazards and housing. Zoning is specific, precise and affects the immediate use of land.

Many of the policies found in the present General Plan were adopted in 1972. This plan was supplemented by various revisions, element additions and amendments. The City adopted the present General Plan in 1982. Amendment of the General Plan can be initiated by the City Council, Planning Commission, or by private application. According to state law, the plan can be amended three times a year. When the General Plan is amended, zoning, subdivision and other land use regulations may need to be revised to achieve consistency with the General Plan amendment.

The Grass Valley General Plan provides for four residential categories:

- 1) **Urban Estate (0-1.0 units per gross acre)** - designated on steeper slopes or in areas already previously subdivided into estate-size lots. New residential development could consist of either low density large lots or higher density cluster development set in open space so that average gross density is less than 1 unit per acre.

- 2) **Urban Low Density (1.1-6.0 units per gross acre)** - this category is designed primarily for single family detached houses, although higher density single family patio houses or even row houses could be accommodated, if offset with sufficient open space to maintain the gross density within the designated range.
- 3) **Urban Medium Density (6.1-12.0 units per gross acre)** - this category is reserved primarily for patio single family development, duplexes and townhouses.
- 4) **Urban High Density (12.1-20 units per gross acre)** - the high density category will allow higher density apartments and condominiums in selected areas.

In addition to the four residential categories, there are three commercial zones which provide an application process for use permits for residential dwellings within these zones. Specific Plan Districts also provide for residential dwellings. The City believes that these density ranges are broad enough to allow home builders to construct a variety of housing types that can meet the needs of all economic segments of the community and are consistent with the City's regional share of housing needs between 1990 and 1997.

Housing Element Consistency With Other General Plan Elements

Grass Valley's General Plan includes all nine required elements, plus an additional four optional elements. The four additional elements include: Historical, Recreation, Urban design and Energy. The General Plan has been amended to include a zoning ordinance which provides for a Design Review Board.

Circulation. Of the nine required elements, Circulation is probably the most affected by development. The General Plan provides guidelines and policies designed to ensure that street and roadway improvements be consistent and mutually supportive of other land use policies. The Circulation Element can be considered a tool to promote, and/or a guide for development. The policies set forth include:

- 1) Maintain, improve and expand the existing circulation and transportation systems in and around the City.
- 2) Cooperate with the County and the State to expand regional circulation through improvements to existing and new arterials.
- 3) Preserve transportation options by protecting an adequate area for a future interchange and bypass roadway west of the City.
- 4) Provide a circulation system in and around the Downtown Area adjoining commercial and residential areas which minimizes traffic congestion and disruption to the existing historic character while promoting business vitality.
- 5) Provide a system that utilizes a broad range of transportation modes, including non-vehicular means of transportation.

There are no circulation constraints, at present, that would inhibit the City from meeting its housing needs. New subdivisions must provide internal streets and off-site improvement to mitigate traffic impacts, and these requirements impose a cost on new development (see Table 42). Because the City's regional share of new construction for low-income housing is small, the need could probably be met on in-fill sites. For low-income in-fill projects, the City could consider reducing or waiving road fees.

Environment. The Environmental Element recognizes the surrounding natural areas not only as a scenic backdrop for an historic city, but also as a wildlife habitat and a watershed area with recreational opportunities. The environmental policies were based on Technical Memorandum No. 3, which included existing environmental conditions, and issues and opportunities for several natural planning factors: slope, soils, mineral resources, water, vegetation, wildlife, archaeological resources, open space for recreation, and seismic and public safety.

The City has accounted for environmental factors in determining lands most suitable for residential development. Topography is the only environmental factor which might affect the ability of the City to accommodate enough housing at medium densities (six to 12 units per acre) for moderate-income households who cannot afford home ownership. As land is annexed to Grass Valley, the City can evaluate topographic constraints to ensure that less steep sites are zoned for higher density residential development.

The City's regional share for moderate-income households is only 133 between 1990 and 1997, so the City would need to identify between 11 and 22 acres of land that could be developed at six to 12 dwelling units per acre.

Community Facilities and Services. Urban parks and recreation, sanitary service and water service are addressed in the City's General Plan under Community Facilities and Services. Grass Valley's policies include providing, developing, operating and maintaining park sites of different sizes and types. According to the General Plan, the diversity of its parks should reflect the diversity of the City's population: trails, bicycle paths, linear parkways, park like natural areas, neighborhood parks and tot lot facilities. The City encourages the private and quasi-public sectors to contribute to the provision of cultural and recreational needs. Multiple uses for open space land are also promoted. Water and sanitary services are addressed in the section on infrastructure.

The vacant land inventory shown in Table 40 excludes land that have been identified in the General Plan as best suited to open space preservation, so there is no conflict between the preservation of open space and the accommodation of the City's share of its regional housing needs.

The City is presently attempting to secure funding to expand its sewer treatment capacity and upgrade existing sewer lines so that the City will comply with state and federal clean water standards.

Energy. The Energy Element is based on promoting greater energy efficiency in new developments and alternatives to auto transportation such as public transit, bikeways and mixed use developments. Components of efficient conservation include building orientation, window exposure, internal and external building design, insulation, landscaping, street design and site location. It is required as a condition of approval that new residences qualify as Energy Conservation Homes under the Energy Conservation and Efficiency Program sponsored by PG & E (please see the section on Energy Conservation).

Policies in the Energy Element further state energy conservation requirements and are consistent with the energy conservation policies of the Housing Element.

Design Review Element. Grass Valley is very proud of its historic origins and character. The City has created Urban Design policies that will ensure the preservation of its historical identity and resources, while maintaining its "small town" scale and atmosphere. A Design Review Board was created to provide general guidelines for new buildings.

The City has created rules, regulations and a board for to implement the policies in the Design Review Element (Article 16B of the Zoning Ordinance). The purpose of design review is to promote good design of buildings and building sites, and to achieve a harmonious relationship of buildings to one another. The Design Review Board consists of seven members and one alternative member selected and appointed by a majority vote of the City Council.

The Design Review Element offers comprehensive design guidelines for circulation, parking, architecture, landscaping, outdoor elements, energy conservation, subdivisions, small lot and cluster, multifamily, condominium and townhouse development, signs, fencing, wall and screening, exterior lighting, mail delivery facilities, erosion control and even plant selection. Design review is required for all commercial and multifamily buildings, demolition, sign and use permit applications. Design review is not required for single family homes. Guidelines developed by the Board related to architectural and aesthetic considerations are suggestions only and do not bind an applicant to a particular architectural style or design solution, except for compliance with the City's sign ordinance.

The Design Review Board also considers applications for planned unit developments, and specific plans with architectural elements. Design Review fees have been set to cover the administrative costs of the review and permit processing. There are three levels of design review in which plans are submitted. The first level consists of a concept review, whereby the project is presented as a concept, without detailed plans. The Board then offers feedback on the concept, but it does not give an approval at this stage. The fee for the concept review is \$100.00. The second level is a preliminary design review in which more detailed plans are submitted for final approval, if there is no environmental review needed the fee is \$125.00, plus \$15.00 per dwelling unit. The third stage is if an environmental review is necessary, and then the fee is \$390.00, plus \$15.00 per dwelling unit.

The three effects of design review on the housing delivery process are:

- ▶ the additional time required for design review (see section on development processing time),
- ▶ the cost of design elements requested by the City, and
- ▶ the design review fee.

Design review does add time to the process of development approval for multifamily developments, although the added time can be mitigated by scheduling design review concurrently with other plan reviews, which is the typical practice by the City.

The design review process, as applied to multifamily buildings, does **not** affect design details such as color, shape, volume, texture, or construction materials, except in rare cases where a proposed building is adjacent to an historic building and the proposal could "clash" with that building. The Design Review Board is not authorized to impose any particular architectural style or design, to regulate the interior elements of a building, to reduce the number of dwelling units proposed, or to otherwise regulate land use aspects of a development (land use issues are within the purview of the Planning Commission and City Council). Because of these limitation on the authority of the Design Review Board, the City does not believe that design review imposes more costly site and building design solutions than would otherwise be proposed by the project applicant. All that the City seeks through design review is a minimal level of sensitivity to a development's surroundings, particularly if those surroundings are historic.

It is difficult to estimate the added cost, if any, of design elements requested by the City through its design review process. Many of these elements represent "common sense" design approaches that an applicant would incorporate anyway without any added cost. Other requested elements represent alternative design approaches which may differ from those proposed by an applicant, but which do not necessarily add to the cost of development. To mitigate the possible effects of design review on the feasibility of producing low-income housing, the City could work with the applicant to explore the least-costly design alternatives that would still meet the overall goals and policies of the City's Design Review Element.

The design review fee adds a small cost to development approval. If this added cost would adversely affect the financial feasibility of a low-income housing proposal, the City could consider waiving this fee or using redevelopment tax increment funds to pay the fee on behalf of the applicant.

Development Review Time

The City endeavors to conform in all areas to the State Permit Streamlining Act, but some projects have been very problematic due to pressures beyond the City's control. The Loma Rica Ranch (454 acres which will provide 769 units for mixed residential use), for example, was first proposed in 1987, yet that project is still in the Environmental Impact Review stage because a local preservation committee wants to make the area a park.

The necessity of annexing land also poses problems because of the need to assess the critical impact on the City's sewer and water treatment facilities. As mentioned already, the City Council voluntarily issued an ordinance (No. 482 N.S.) temporarily suspending new sewer connections until the replacement and repair of filters can be accomplished. This ordinance was in response to the State of California Cease and Desist Order, No. 89-070.

When proposed projects do not require annexation or lengthy environmental reviews, the development review time takes one year or less as required by state law.

The City's design review process could add two to four weeks to the final approval of an application, but only if an applicant requests, or circumstances require, consideration of design review separate from review by other City agencies. Whenever possible, the City seeks to conduct design review concurrently with other required City reviews.

Zoning

Zoning is adopted by ordinance and includes the regulation of the use, height, bulk, lot size and development standards applicable to land. Grass Valley's zoning ordinance includes 15 principle zones for residential, commercial industrial and quasi-public land uses.

Grass Valley's Zoning Ordinance No. 69 N.S. (as amended January 1991) provides zoning regulations for zones permitting residences. Table 43 provides a breakdown on minimum requirements needed.

TABLE 43
ZONING REGULATIONS FOR ZONES PERMITTING RESIDENCES

	RESIDENTIAL ZONES			
	RE	R-1/R-2	R-2A	R-3
MINIMUM LOT SIZE				
Interior	1 acre 2 acres 3 acres	10,000sq.ft.	10,000sq.ft.	10,000sq.ft.
Corner		10,000sq.ft.	10,000sq.ft.	10,000sq.ft.
MINIMUM				
Width	120 ft.	70 ft.	70 ft.	70 ft.
Corner Lot	75 ft.	75 ft.	75 ft.	
Depth	none	none	none	none
MINIMUM				
Lot area/DU	40-60%(a)	35%	3,500sq.ft.	2,000sq.ft. (b)
MAXIMUM				
Density units/acre	1(b)	3.5/7	12	20

(a) Maximum lot coverage by buildings, structures (excluding swimming pools) and impervious surfaces shall not exceed 40 percent of the total lot area. The Planning Commission may authorize a maximum coverage up to 60 percent for uses requiring a use permit.

(b) Maximum main building coverage cannot be more than 50% of the lot area.

(c) One residential unit per lot, with the potential for a secondary residential unit.

Source: Grass Valley Zoning Ordinance No. 69 N.S., as amended January 1991.

Residential Uses in Commercial Zones. Residential uses are also allowed in commercial zones by use permit. There are no specific designations for minimum lot sizes, widths or depths of residences in commercial zones, except that the minimum lot area for a dwelling unit in the C-1 Community Business District Zone is 3,500 square feet. The most recently approved residential development in a commercial zone is the Crown Point apartments, constructed in 1989. Crown Point contains 78 rental apartments and is located in a C-2 zone. A 200-unit apartment complex was considered in a different commercial zone, but the City did not believe the surrounding commercial

uses were compatible with proposed residential uses. The City's present zoning code provides little policy guidance to property owners as to the most appropriate circumstances for developing housing in commercial areas. This decision is made on a case-by-case basis.

The City could provide better policy guidance, and increase the potential for developing housing on suitable commercially-zoned land, by considering the rezoning of appropriate sites for residential use, through mixed-use planned development policies, and by encouraging the development of housing above street-level commercial spaces in the downtown area.

Manufactured Housing and Mobilehomes. Manufactured housing on permanent foundations are allowed on individual lots in all zones which permit residential land uses, subject to the same standards for lot size, building height, set-backs, and yards. Mobilehomes are allowed in mobilehome parks, on individual lots, and in subdivisions subject to the approval of a combining "MH" designation. Density and other standards that apply to mobilehomes are those of the underlying zone.

Convalescent Homes. "Rest homes" and convalescent homes are allowed in all zones which permit residential land uses, according to the development standards of those zones.

Secondary Dwelling Units. Secondary residential units can be located within any of the R- designations. The conversion or building of secondary units, in residential areas, can be an aid to increase the available housing stock as well as the density. The City of Grass Valley decided that it would encourage secondary units for persons who are 60 years old or older and for physically limited or disabled. A use permit is necessary, with only one secondary unit permitted on any one lot. As in the case of mobilehomes, secondary units must conform to the district designations. Secondary units must contain a separate kitchen, bathroom and entrance, and can either be attached or detached.

If the secondary unit is attached to the primary residential unit (i.e., attic, basement, garage or other previously uninhabited portion) and an increase in floor area is proposed, it cannot exceed 15 percent of the existing living area, or 35 percent of the combined total living area of both units. The lot minimum for a detached unit is 10,000 sq. ft. Its size must not be less than 275 sq. ft. and it cannot exceed 640 sq. ft. A detached unit must be a minimum of ten feet from the primary structure.

Group Homes and Homeless Shelters. The Grass Valley Zoning Ordinance does not specifically allow or prohibit residential structures used for group homes or homeless shelters so long as zoning standards are met. The Ordinance does allow boarding and lodging houses in the R-3 zone and in commercial zones. It is possible that a group home or homeless shelter could meet the definition of a lodging or boarding house, depending on the how the facility is operated.

Child Day Care. Child day care facilities are allowed in all residential zones, subject to a use permit. Buildings used for child day care must meet the applicable zoning standards.

Planned Unit Developments. Grass Valley's Zoning Ordinance provides for Planned Unit Development Districts (PUD). The purpose of a PUD is to permit diversification in the relationships of various structures and open spaces in planned building groups. PUDs provide an approval process which encourages comprehensive site planning. The minimum area cannot be less than the minimum standards provided by the base zoning district. The maximum coverage for PUDs cannot be higher than 40 percent of the land area being developed, excluding: rights-of-way, private streets, swimming pools, driveways and maneuvering areas.

The residential zones allow for a broad range of housing types and densities. There are height limitations for all four residential districts.

Use permits are issued by the Planning Commission for any of the purposes for which permits are required or permitted by the terms of Ordinance No. 69. Use permits are needed if the area is zoned commercial and a developer would like to put in residential units, otherwise if the proposed use is consistent with the zoning, no use permit is needed. Application for a use permit requires plans for the building and its intended use, as well as an application fee. The Planning Commission then may hold public hearings on the applications, granting or denying proposed uses. The application and approval process takes approximately 60 days.

Land Development - Subdivisions

The process of dividing land into saleable building sites is established by the Subdivision Map Act, which as implemented through city ordinances, provides the means to achieve legal land divisions and the physical improvements to ensure proper utilization of the site. The subdivision process also provides the framework for adjusting parcel sizes to physical circumstances and assisting in the provisions of water and waste disposal.

Working in conjunction with zoning, the subdivision process can implement land use policy as it relates to density and intensity of use; the City's subdivision ordinance, supplemented by various resolutions affecting design standards and other requirements, establishes the basic procedural requirements. There are two basic subdivision types: the parcel map process for those divisions creating four or fewer parcels and the tentative and final map process for those divisions creating five or more parcels. The major constraint to subdividing is annexation and the time involved can run from six months to a year if the proposed project calls for an EIR.

The City's requirements associated with the physical improvement of land such as street widths, building setbacks, parking and the like are similar to those enforced by other communities in the region. Curb, gutter, and sidewalk are required in all new residential developments. The Planning Commission reviews, approves, and attaches appropriate conditions pursuant to the City's ordinances and resolutions. The Planning

Department's role is to determine consistency with the General Plan as required by state law, and it is responsible for the application, distribution, review and overall processing of subdivisions.

Grass Valley's Subdivision Ordinance No. 180 N.S. (as amended in November 1990) provides regulations for dedication of parks, recreational space, fire stations, libraries and other public uses, as well as streets, alleys, drainage, and public easements. Park and recreation dedications require five acres of property for each 1,000 persons residing in the City be devoted to local park and recreation purposes. The Subdivision Ordinance does provide a formula for fees in lieu of land dedication, and partial credit for private open space.

The City does provide itself with the right to ask a developer to reserve a portion of the land being developed for a specific public purpose or use, such as parks, recreational facilities, fire stations, libraries, but not limited to just these uses. The subdivision Ordinance also provides regulations for the dedication of streets, alleys, drainage, public easements or other improvements.

Environmental Review

An Environmental review is mandated by the California Environmental Quality Act (CEQA) of 1970 as amended. Each local agency with discretionary authority over a project must evaluate its impacts before approving the project. Grass Valley's CEQA review is administered by the Planning Department, operating under the City's procedures. Most projects do not result in significant environmental impacts and are approved with "negative declarations".

Small infill projects are reviewed, but usually do not call for a complete Environmental Impact Report (EIR). Environmental Impact Reports are required only for those proposed projects which are thought to have significant environmental consequences, typically large residential subdivisions, commercial projects, and industrial projects. Anytime a project is proposed for an environmentally sensitive area, such as canyons, meadows and water shed areas, or annexation an EIR is researched and written.

The review process is comprehensive and many variables including project size, type and location affect the outcome of the initial study phase and determination of the next step. On the average, it takes almost the full 105 days, allowed by state law, to prepare, review and respond to comments on a negative declaration. In contrast, the same functions take approximately one year to accomplish for a project which requires an EIR. The EIR process is comprehensive as well as slow and tedious. Because of the time and effort involved, year long EIR studies are becoming a constraint to construct and inherently add to the cost of the proposed projects.

Environmental Health

Grass Valley contracts with the Nevada County Environmental Health Department to deal with the health aspects of water supply and waste disposal. Given the importance of a

healthy and safe means of water supply and waste disposal not only to the eventual users of the property, but to the community as well, this aspect of the development review process is essential.

Local Agency Formation Commission

The Local Agency Formation Commission (LAFCo) is responsible for the coordination and approval of the organizational changes of cities and special districts. LAFCo must act favorably on all annexations, detachments, formations, incorporations, consolidations, dissolutions and minor changes prior to their enactment by the originating body.

Once the City has checked the preplanning, pre-zoning and environmental review of proposed sites, the City Council sends its approval to LAFCo for consideration of annexation. Provided with a staff, Nevada County's LAFCo is structured broadly within Nevada County planning program and organization.

Time requirements for processing vary considerably, although once the environmental review phase is complete, it generally takes about one month to begin consideration by the LAFCo Board, which is composed of members representing the cities, special districts and county. For the approval process, the LAFCo Board takes approximately six months before it will render a decision. The fee schedule for annexation is as follows. If the annexation area is:

Outside both the City's water & sewer systems:	\$3,585/acre
Outside the sewer, but connected to the water system:	\$2,613/acre
Outside the water, but connected to the sewer system :	\$1,168/acre

If a 12 acre project, outside the City's water and sewer systems, is approved, the annexation fee would be 12 x \$3,585 or \$43,020.

These are large up-front costs to the developer. The City will accept 35% down, and the total balance is due before the building permit is issued, the re-zoning becomes effective, or the recording of the final map for subdivision.

CHAPTER VI: NONGOVERNMENTAL OR MARKET CONSTRAINTS

Housing involves many interests, any one of which can effectively slow or stop production. Frequently, the market creates its own impediments. In such instances, there is generally little that local governments can do to correct market imperfections such as labor-management difficulties, poor contractor/subcontractor relationships, or material shortages caused by trade disputes. In other instances market impediments are caused by government, but cannot be alleviated by local government. For example, federal monetary policy will directly affect the supply and cost of mortgage capital; and state energy policies will directly affect the supply and demand for insulation.

There is much public concern about the rapid escalation of housing prices. While government regulations contribute to an extent to this upward spiral, as do the forces of inflation, an often overlooked reality is the influence of the market itself, and the impact of buyers and sellers on the housing prices. For example, the second-time home purchaser repeatedly rejects "basic" houses, preferring instead the dwelling with substantial amenities and other extras.

The seller of an existing house seeks to make a profit or capture the equity that has occurred through value appreciation and wonders why housing prices are so high when the seller re-enters the housing market as a purchaser. This form of speculation thereupon triggers inflation in the new house market. In effect, the seller (or consumer) frequently creates, in a direct fashion, the problem about which he/she complains in the housing market.

The host of fees and costs related to marketing and selling are major constraints to affordable housing. Title insurance, closing cost, points, prepayment penalties and real estate sales commissions are all generally built into the sale price. These costs, which may represent as much as 10% of the sales price, contribute significantly to increased housing prices. Each time a dwelling is sold, these costs will be incurred.

PRICE OF LAND

The prices of lots in Nevada County have generally increased over the past six years, though a few years saw decreases in prices. Overall, for the years 1986 to 1991, the average price for a lot of 1 1/2 acres or less, increased approximately \$50,559, almost doubling the 1986 average. The average price actually dropped \$395 from 1990 to 1991.

The average price for lots of 1 1/2 acre or more, only increased \$35,253 over the six-year span. As illustrated in the following table, the average price of lots of 1 1/2 acres or more decreased \$2,359 from 1986 to 1987, and \$206 from 1987 to 1988. The total number of lots sold decreased dramatically in 1991 compared to the previous years.

TABLE 44
THE PRICE OF UNDEVELOPED LOTS
IN NEVADA COUNTY, 1986-1991

Year	Number of Lots Sold	Average Price of Lots Under 1 1/2 Acres	Number of Lots Sold	Average Price of Lots Over 1 1/2 Acres
1986	361	\$ 27,673	185	\$ 45,797
1987	398	\$ 31,051	326	\$ 43,438
1988	403	\$ 35,671	415	\$ 43,232
1989	188	\$ 50,593	664	\$ 51,994
1990	127	\$ 78,627	575	\$ 69,928
1991	<u>61</u>	\$ 78,232	<u>181</u>	\$ 81,050
Total	1,538		2,346	
Five & 1/2 Year Price Increase		\$ 50,559		\$ 35,253

Note: These prices are the average of all lots sold for that particular year. 1991 is for only six-months, through July of 1991.

Source: Nevada County Board of Realtors, August 1991.

Of 26 advertised residential lots for sale specifically in the Grass Valley area in the Fall of 1991, 25 were single lots of one acre or more for single family homes or subdivisions, and one was an R-3 lot. The acreage of land for single family homes ranged from 1.15 acres to 69 acres, and the cost from \$2,000 to \$86,500 per acre. The average land cost was \$27,300 per acre, substantially lower than the average Nevada County land costs cited in Table 44. Land costs are so variable because of differences in location, building entitlements, access to utilities and public services, and environmental conditions.

There is little multifamily-zoned land traded on the open market in the Grass Valley area, so the data presented above do not accurately reflect the potential cost of land for multifamily developers. The one multifamily site listed for sale, located on Empire Court, was listed at \$99,500, and could accommodate between five and ten dwelling units. Based on the small amount of land sales data available for Grass Valley, it is impossible

to conclude whether the cost of multifamily-designated land is too high to preclude the development of low- and moderate-income housing at the historic densities (12 to 20 dwelling units per acre) at which such housing have been developed in Grass Valley.

Virtually all land in the Grass Valley planning area designated for multifamily use has been held for a number years by owners who intend to develop the sites, or who are holding the sites for future, as yet undetermined development. The cost increases shown above are not relevant to these sites, therefore, because the current owners did not have to purchase the sites recently to develop them. The owners of two multifamily sites have declared bankruptcy, however, and could place these properties on the market in the near future.

At present, there is no good way to determine how land cost increases for single family lots may or may not relate to costs increases for multifamily-zoned land. In fact, if the City were to rezone multifamily land for higher densities prior to the submission of a specific development proposal, this could lead owners to seek a premium on the sale of the land to developers of multifamily housing.

COST OF CONSTRUCTION

Interviews with local developers suggest that there is no noticeable difference between building costs in Grass Valley, and the building costs in surrounding communities. The construction costs in Grass Valley, therefore, would depend on the square footage of, and the types of amenities included in, new housing. There was a general consensus among local builders that a 1300 square foot, three-bedroom home of modest design would cost \$70 a square foot in basic labor and material costs, or \$91,000 excluding land costs, infrastructure, and governmental fees. The State Farm Insurance Company of Grass Valley confirmed that \$70 to \$75 a square foot is an average cost for the construction of a moderately-priced, medium-size home in the City.

AVAILABILITY OF FINANCING

For the past ten years the major constraint to the development of affordable housing has been federally-inspired, higher interest rates. No one will forget the disastrous and almost non existence of single family construction activity from 1980-1982 due to high interest rates. The cost of financing has undergone a drastic reduction in the last four years. The fixed annual interest rate that a borrower paid in 1982 was approximately 16%. Currently, the fixed annual cost of borrowing money is approximately 8.50%. Residential investment will certainly benefit from the current favorable interest rate outlook. Whether or not the current rates will stimulate the housing market during a recession, remains to be seen.

Structural changes in federal laws governing financial institutions (as a result of the recent crisis in the savings and loan industry) will likely create some long-term problems

with the availability of development financing, but many homebuilders are seeking to overcome this problem by searching for alternative sources of capital.

The costs of money to finance housing developments is as important to the feasibility of housing construction as is the supply of financing. Affordable housing projects have been particularly hard hit by the high financing rates that have characterized real estate lending throughout much of the 1980s.

Although interest rates have declined dramatically since the early 1980s, typical interest rates for real estate loans to homeowners are still between 8.25 and 10 percent. Lending rates for many homebuilders are even higher. It does not appear that interest rates will ever return to the much lower levels that characterized the 1960s and early 1970s. Even though interest rates have declined, they remain at a level which can present an impediment to the construction of affordable housing. Interest rate subsidies of two to four percentage points are often necessary to make low-income housing project "pencil out".

Although the City of Grass Valley cannot control interest rates, it can help to reduce the financial impact of interest rates on affordable housing projects by using powers to issue tax-exempt bonds or providing interest rate subsidies from Redevelopment Agency housing set-aside funds.

Table 45 shows how changes in interest rates affect the monthly mortgage cost of home.

TABLE 45
THE EFFECTS OF CHANGES IN INTEREST RATES ON MORTGAGE PAYMENTS*

<u>Loan Amount</u>	<u>Interest Rates</u>				
	<u>8%</u>	<u>9%</u>	<u>10%</u>	<u>11%</u>	<u>12%</u>
\$ 60,000	\$ 440	\$ 483	\$ 527	\$ 571	\$ 617
Income**	\$21,120	\$23,184	\$25,296	\$27,408	\$29,616
\$ 80,000	\$ 587	\$ 644	\$ 702	\$ 762	\$ 803
Income**	\$28,176	\$30,912	\$33,696	\$36,576	\$38,544
\$100,000	\$ 734	\$ 804	\$ 878	\$ 952	\$ 1,028
Income**	\$35,232	\$38,592	\$42,144	\$45,696	\$49,344
\$120,000	\$ 880	\$ 961	\$ 1,053	\$ 1,143	\$ 1,234
Income**	\$42,240	\$46,128	\$50,544	\$54,864	\$59,232
\$150,000	\$ 1,100	\$ 1,207	\$ 1,316	\$ 1,428	\$ 1,543
Income**	\$52,800	\$57,936	\$63,138	\$68,544	\$74,064
\$200,000	\$ 1,467	\$ 1,609	\$ 1,755	\$ 1,905	\$ 2,057
Income**	\$70,416	\$77,232	\$84,240	\$91,440	\$98,736

* Based on a 30-year, fixed-rate loan, excluding mortgage insurance, points, or other loan costs.

** Minimum annual income needed to qualify for such a loan, assuming that no more than 25% of income is devoted to the mortgage payment. Median Nevada County income for a family of three in 1992 is \$35,400 for the purpose of determining income eligibility for state housing programs, according to Department of Housing and Community Development. This median income level falls between the two income levels highlighted in bold in Table 45.

CHAPTER VII: AN EVALUATION OF THE PREVIOUS HOUSING ELEMENT

The 1986 City of Grass Valley Housing Element established seven separate goals and/or programs in which to direct City, State, and Federal resources during a five-year (1986-1991) period. Below is a restatement of each implementation program and an evaluation of progress made toward achieving the program goal.

1. Suitable Sites

Policy: Increase the amount of land suitable for residential development within the City as necessary.

Actions:

- A. At meetings with developers (such as pre-development conferences, encourage 1) infilling on vacant land within the City suitable for residential use; and 2) annexation to accommodate planned growth.
- B. As development projects are approved by the City, include requirements for demolition of substandard dwellings within the project area which are not worth rehabilitating. In addition, initiate a program to identify location and ownership of dilapidated buildings, and request their removal by July 1991.
- C. Allow residential and commercial uses on the same site where development can be conditioned by use permit to maintain a setting compatible to both, particularly where such mixed use can result in meeting the special needs of low-income groups such as handicapped, senior citizens or female heads of households who benefit especially from living close to services, transportation and jobs.
- D. Continue ongoing effort to maintain treatment and flow capacities of the City's water and sewer systems to accommodate projected growth using a mix of grant funds and private financing and mitigation fees where possible.
- E. Prepare specific plans (including cost allocation) for extension of streets, utilities and drainage facilities to vacant development sites and lands to be annexed--to be complete by July, 1991.
- F. Continue to permit consideration of second residential units by use permit in R-1 (Single Family) Residential Districts.

Performance:

- A. The City has approved the infill of several sites and will continue to do so to the extent that it is practical. Since 1986, the City has annexed many acres of land for residential use, including the 123-acre site of Morgan Ranch and the 4.29 acres used for the Orchard Hill Apartments. Future annexation plans are also underway.
- B. Although demolition of substandard units has occurred in the last five years, and will continue to occur in instances where buildings are severely dilapidated, the City's position on demolition has changed since the 1986 Housing Element. Wherever possible, the City seeks to rehabilitate its older buildings in the spirit of preserving the town's historic ambiance and preserving affordable housing for low-income residents.
- C. Residential uses are also allowed in commercial zones by use permit. There are no specific designations for minimum lot sizes, widths or depths of residences in commercial zones, except that the minimum lot area for a dwelling unit in the C-1 Community Business District Zone is 3,500 square feet.
- D. The City has continued extensive efforts to maintain treatment and flow capacities of the City's water and sewer systems to accommodate projected growth by applying for grant funds, private financing, and through mitigation fees, where possible. A further discussion of these efforts is included in the Market and Governmental Influences section of this Element.
- E. Specific plans were produced to widen streets in the Orchard Hill project, and an assessment district was created to provide infrastructure to the 163-acre Whispering Pines Business Park. In general, however, the City expects developers and land owners to provide such infrastructure. The City reviews such plans and requires implementation. In situations where developers are proposing to provide low-income housing, the City is prepared to assist developers in locating financing.
- F. The City has continued to permit consideration of second residential units by use permit in R-1 Residential Districts.

2. Development Costs

Policy: Minimize City requirements which affect the costs of residential development consistent with maintaining current levels of infrastructure.

Actions:

- A. Survey processing times and fees charged by nearby cities periodically and maintain Grass Valley's fees and times consistent with regional averages.
- B. Evaluate development costs associated with setback requirements, lot design criteria, parking standards and street improvement standards and modify where possible to avoid excessive development costs. Consider spreading costs on a per unit basis where appropriate (per bathroom for sewage costs).
- C. Reduce minimum lot sizes in residential districts from 10,000 square feet to 7,500 or 6,000 square feet by December 1986.
- D. Continue to explore formation of a redevelopment agency to provide funding for infrastructure improvements and housing programs. Feasibility study by July, 1987 and Implementation, July, 1988.

Performance:

- A. The City has conducted surveys of most of the cities of California in regard to development costs as a part of their Capital Improvements Program. Other surveys are currently underway to assess the City's planning fees.
- B. In compliance with AB 1600 and the City's Capital Improvement Program, the City has evaluated development costs, modified standards where possible, and allocated infrastructure costs, on a per unit basis, to the largest area of benefit, where appropriate.
- C. The City has determined that 10,000 square feet is the minimum lot size necessary on most single-family lots to provide a building pad. The City considers smaller lot sizes on parcels with less steep topography. Alternative building techniques allow for smaller lot sizes, as well, if buildings are designed to conform to the topography of the site rather than placed on graded building pads. On a case-by-case basis, the City has allowed smaller lot sizes, but the Planning Commission has determined that, given the steep terrain of the area and other environmental issues, it is practical to continue to make these decisions on an individual basis rather than allow for smaller lots in all residential areas.
- D. The City has established a Redevelopment Agency and adopted a Redevelopment Plan to provide funding for infrastructure improvements and housing programs. Litigation between the County and the City has made it difficult to speculate projections of amounts of set-aside funds that may be available for these purposes. Recently, a settlement was reached and the City will be assessing the amounts of set-aside funds for future housing needs. In anticipation of these funds, the City committed \$25,000 to their 1992 application for housing rehabilitation through the Community Development Block Grant Program (CDBG).

3. Equal Housing Opportunities

Policy: Assure accessibility to available housing for all persons regardless of race, religion, sex, marital status, and ancestry, national origin, or color.

Actions:

- A. Designate the Grass Valley City Attorney as the City's fair housing enforcement officer to provide information, referrals and enforcement assistance regarding fair housing laws. Advertise availability of fair housing assistance by placing posters on City Hall and Library bulletin boards. by September, 1986.
- B. Maintain and provide up-to-date information and contacts on government programs for assisting construction, purchase, rental and maintenance of housing.
- C. Upon request, provide information to developers regarding construction and remodeling of housing units to accommodate access and movement by disabled residents living in the City.
- D. Continue to cooperate, exchange information and consult with F.R.E.E.D. on compliance with handicapped accessibility requirements of the building code.

Performance:

- A. The City has designated the City Attorney as the fair housing enforcement officer, and has otherwise complied with all requirements of this action.
- B. The City has maintained and provided up-to-date information and contacts on government programs for the required services.
- C. The City provides such information to developers upon request.
- D. The City cooperates, exchanges information, and consults with F.R.E.E.D. on compliance with handicapped accessibility requirements of the building code.

4. Housing Assistance Programs

Policy: Continue to provide for the development of adequate housing to meet the needs of low and moderate income households within the community.

Actions:

- A. Support and participate in efforts by the local Chambers of Commerce, the Nevada County Business Association, the Sierra Economic Development District and similar organizations to increase job opportunities for low and moderate income residents.
- B. Through joint applications, infrastructure provision and official expressions of support, continue to cooperate with the Nevada Housing Development Corporation, the Sierra Committee and other agencies using grant funds for development of housing for all economic segments of the community where such projects are consistent with City land use planning goals, policies, and objectives.
- C. Direct the City Housing Advisory Panel to investigate State (HCD) programs for housing development assistance (e.g., Rural Land Purchase, Rural/Urban Predevelopment Loan Funds, etc.) and participate if needed and feasible. Feasibility report by December, 1986.
- D. Investigate use of tax-exempt bonds for financing infrastructure to remove development constraints. Feasibility study by December, 1986.
- E. Provide written support for Nevada County Housing Development Corporation efforts to secure additional HUD Section 8 certificates for Nevada County annually.

Performance

- A. The City applied for and received an Economic Development Grant which was used to assist the Pine Creek Shopping Center. In cooperation with the Sierra Economic Development District and Raley's, jobs were created for low-income residents.
- B. The City has supported such cooperative efforts to provide housing for all economic segments of the community where such projects are consistent with City land use planning goals, policies, and objectives. Through a Joint Powers Agreement with the County of Nevada and Nevada City, a Nevada County Housing Authority has been created since the 1986 Housing Element was written.
- C. State programs for housing development assistance, land purchase, Rural/Urban Predevelopment Loan funds and other resources have been investigated, and continue to be investigated by the Grass Valley Business Association, and the Nevada County Housing Development Corporation in cooperation with the City. At this time, the sites proposed for annexation have not been contiguous with the City boundaries and would require expensive expansions of water and sewer services.
- D. Special assessment district bonds were used to extend services to the Morgan Ranch project. Short-term financing for expansion and correction of the water

treatment facilities is being sought along with long-term financing from FmHA (see the Marketing and Governmental Influences section of this Housing Element).

- E. The City has responded to the need for additional HUD Section 8 certificates by cooperating with the County of Nevada and the City of Nevada to create the new Nevada County Housing Authority.

5. Maintenance

Policy: Encourage maintenance of livable conditions in existing housing units.

Actions:

- A. Inspect housing upon complaints about health and safety problems and require compliance with applicable codes.
- B. Consider a program of periodic inspections of multi-family units and care homes. Feasibility review by December, 1989.
- C. Apply for CDBG funds for housing rehabilitation assistance to low and moderate income families, including renter households.
- D. Investigate and participate in other State or Federal rehabilitation assistance programs (e.g., Hud Section 8 Moderate Rehabilitation) if feasible Options study by December, 1986.

Performance:

- A. The City inspects housing upon complaints about health and safety problems and requires compliance with applicable codes.
- B. The City Fire Department conducts annual inspections of all multi-family and care homes.
- C. The City applied for CDBG funds in 1987 and in 1992 and was awarded grants both times. These grants included provisions for renter households.
- D. Besides the CDBG program, the City participates in weatherization services and related repairs through the Nevada County Community Services Agency, and cooperates with the Nevada County Housing Development Corporation in their efforts to provide safe and suitable housing for low-income people. Program income from the closed CDBG program has also been used to fund housing repairs.

6. Energy Conservation

Policy: Minimize consumption of energy and expenditures for utilities in residential development.

Actions:

- A. Through information and referral provided by the City Planning, Public Works, and Building Departments, support energy conservation programs sponsored by the State, Pacific Gas and Electric Company and other groups.
- B. Enforce applicable State and Code requirements on insulation, windows, equipment and other features which maximize energy efficiency.
- C. Maintain zoning ordinance provisions which provide for development of housing projects with shared walls, small units and high densities.
- D. Evaluate subdivision design standards and modify wherever necessary to require adequate solar access, natural heating and tree shading and to minimize pavement and street lighting. Review ordinances by July, 1987.

Performance:

- A. The City has provided information and referral concerning all energy conservation programs sponsored by the State, Pacific Gas and Electric Company and other groups.
- B. The City enforces all State and local code requirements on insulation, windows, equipment, and other features which maximize energy efficiency.
- C. The City has maintained zoning ordinance provisions which provide for development of housing projects with shared walls, small units and high densities.
- D. The City has adopted an Energy Element which is based on promoting greater energy efficiency in new developments and alternatives to auto transportation such as public transit, bikeways and mixed use developments. Components of efficient conservation include building orientation, window exposure, internal and external building design, insulation, landscaping, street design and site location. It is required as a condition of approval that new residences qualify as Energy Conservation homes under the Energy Conservation and Efficiency Program sponsored by PG & E (please see the section on Energy Conservation). Policies in the Energy Element further state energy conservation requirements and are consistent with the energy conservation policies of this Element.

7. Participation

Policy: Seek public participation of all economic segments of the community in the development, adoption, revision, and management of the City's housing-related activities.

Actions:

- A. Distribute drafts of the Housing Element, program applications and other housing-related materials to agencies and groups involved with low-income persons, housing development, the disabled, and other people with special housing needs.
- B. Notify the above groups of public hearings on housing-related activities.
- C. Form a City-Council appointed Housing Advisory Panel to make recommendations regarding housing-related City activities and implementation of City housing policies, and to work with a City-County Housing Task Force, if formed.

Performance:

- A. The City has distributed housing-related materials to agencies and groups involved with low-income persons, housing development, the disabled, and other people with special housing needs. Drafts of this Housing Element will also be distributed to these groups and agencies.
- B. The above groups have been notified of public hearings on housing-related activities.
- C. The City no longer has a formal Housing Advisory Panel, but utilizes the City Business Association and the Nevada County Development Corporation as advisory resources. Through the efforts of these resources, the new Nevada County Housing Authority was formed.

CHAPTER VIII: THE HOUSING PROGRAM

The programs suggested below are based on the assumptions that Grass Valley will continue to be an attractive environment for people to live; that employment related to tourism, retail, and services will continue to expand; that increasing numbers of "white collar" professional workers will move into the area and commute to jobs outside the county; that lower- and moderate-income households will move into the City, attracted by local job growth; and that existing residents near retirement age will remain in the area, creating an ongoing demand for housing and services for older adults.

There are a number of unmet and special housing needs that have been identified in the housing element background report. These are summarized below.

- ▶ The City will need to plan for affordable housing for the additional lower- and moderate-income households expected to reside in Grass Valley between 1992 and 1997. Grass Valley's share of the Sierra Foothills region's housing needs between 1990 and 1997 (according to the plan adopted by the Sierra Planning Organization) includes 31 additional low-income dwelling units and 133 additional moderate-income dwelling units. During 1990 and 1991, the City has approved 66 single family dwelling units, 14 multifamily dwelling units, and one secondary dwelling units.
- ▶ Low-income large families presently residing in Grass Valley are at greatest risk of being overcrowded. There were 205 large families in Grass Valley at the time of 1990 Census, and 131 households were overcrowded. Historically, most overcrowded households have been large families.
- ▶ Lower-income families are at greatest risk of expending an inordinate proportion of their income to meet housing expenses (based on a rule-of-thumb that no more than 30% of income should be expended for housing). The 1990 Census reported that 283 (21%) home owners and 1,338 renters (57%) paid in excess of 30% of their income for housing expenses. Most homeowners who paid more than 30% of their income for housing expenses were moderate or above moderate-income households, suggesting that they voluntarily expended a high percentage of their income to be able to purchase a home. Conversely, most renters who paid more than 30% of their income for housing expenses were lower-income households.
- ▶ Additional housing specifically designed for elderly households will be needed. Although the rate of in-migration of older adults appears to be declining, there are a substantial number of adults presently living in Grass Valley who are near retirement age.
- ▶ Single mothers will need affordable housing with access to child care services. Nearly half (48%) of all single mothers are below the poverty level, and most have difficulty in affording housing in Grass Valley.

- ▶ The City will need to encourage the rehabilitation of deteriorated dwelling units (at least 138 were identified as in need of immediate repair in a 1991 housing survey) to preserve to the existing housing stock. Additional units may require rehabilitation over the next five years if not properly maintained.
- ▶ Two or three additional transitional housing facilities for homeless persons are needed, according to homeless service providers.

The City's primary role in achieving these needs is one of facilitator. That is, Grass Valley will attempt to provide a favorable regulatory climate in which producers of housing can do what they do best--build new homes. The City will also provide, or apply for, state or federal financial assistance for lower-income housing developments when it is appropriate and necessary to achieve the City's housing objectives. The City can also provide regulatory and financial incentives (through its redevelopment agency) to assist home builders in meeting low- and moderate-income housing needs.

Because of environmental constraints surrounding the Grass Valley (steep slopes, wetlands, and old mine sites with potential toxic problems, for example), the City will have to make to most efficient use of its remaining vacant land in order to meet its housing needs. To accommodate the expected population growth and economic development over the next decade, the City will need to annex land within its Sphere of Influence.

It should be recognized that the programs described below can provide a favorable environment for housing production, but they cannot guarantee that the City will be able to meet 100% of its present and future housing needs. Changes in economic conditions and market factors that are beyond the City's control are as important in affecting the outcome projected in this Element as are the programs themselves.

GOAL A

TO DESIGNATE SUFFICIENT LAND AT APPROPRIATE DENSITIES AND ESTABLISH DEVELOPMENT PERMIT PROCEDURES TO ACCOMMODATE THE CITY'S REGIONAL SHARE OF HOUSING FOR ALL INCOME GROUPS

POLICY 1: The City will attempt to maintain an adequate supply of residential land in appropriate land use designations and zoning categories to accommodate projected household growth and to meet its regional share of housing for all income groups. As needed, the City will achieve this policy through annexation of land within the City's sphere of influence.

POLICY 2: The City will implement flexible land use regulations through planned unit development zoning, for large tracts of land, that allow for a range of housing types and densities within a single development.

POLICY 3: The City will promote infill residential development within the Redevelopment Area and other older parts of the City where adequate public facilities and services are already in place in small projects that can be integrated with existing neighborhoods.

GOAL B

TO ADDRESS SPECIAL HOUSING NEEDS AS DEFINED BY STATE LAW AND LOCAL NEEDS

POLICY 1: The City will continue to implement state law regarding the establishment of group homes in residential zones, but will seek to avoid the overconcentration of such residences in any particular neighborhood.

POLICY 2: The City will ensure that its land use regulations do not present barriers to the location of child care facilities within new residential developments or within reasonable proximity to where such facilities are needed.

POLICY 3: The City will encourage new rental housing developments to include some units for large families.

POLICY 4: The City will allow housing oriented to the needs of elderly residents in any residential zone according to density and other standards for each zone.

POLICY 5: The City will allow transitional housing facilities for homeless persons in any multifamily zone subject to compliance with development standards for those zones.

POLICY 6: The City will implement state and federal requirements for handicapped access in new residential developments. Any housing developments in which the City acts as a developer, provides financing, or assists a developer in applying for state or federal funds must address the needs of mobility impaired individuals.

POLICY 7: The City will continue to allow second dwelling units in any residential zone according to standards included in the City's Zoning Ordinance.

POLICY 8: The City will continue to allow manufactured homes on permanent foundations in any residential zone, subject to compliance with development standards for each zone.

GOAL C

TO MEET THE CITY'S LOW- AND MODERATE-INCOME HOUSING NEEDS

POLICY 1: The City will pursue state and federal funding assistance that is appropriate to Grass Valley's needs to develop housing that is affordable to low- and moderate-income households.

POLICY 3: The City will use available local financing techniques, such as mortgage revenue bonds, mortgage credit certificates, other mortgage backed securities, or other feasible financial assistance techniques, to assist home builders in developing affordable housing.

POLICY 4: Where government-assisted residential units which are required to sell or rent at below-market-rates are included within a housing development, such units shall be interspersed within the development and shall be outwardly indistinguishable from market-rate units.

POLICY 5: The City will continue to work with the Nevada County Housing Authority in the administration of affordable housing programs.

POLICY 6: The City will consider changes in lot size and other zoning standards that could discourage alternative types of affordable ownership housing (zero lot-line homes, patio homes, townhomes, and attached homes).

GOAL D

TO PRESERVE THE EXISTING HOUSING STOCK AND CONSERVE EXISTING AFFORDABLE HOUSING OPPORTUNITIES

POLICY 1: The City will encourage private reinvestment in older residential neighborhoods and private rehabilitation of housing.

POLICY 2: The City will pursue state and federal funding assistance that is appropriate to the City's needs to rehabilitate housing. The City will also contribute redevelopment tax increment funds to support the rehabilitation of the existing housing stock.

POLICY 3: The City will work with interested individuals and non-profit housing corporations to acquire rental housing in need of rehabilitation and to maintain the affordability of the units to low-income households, should such action be the only feasible method of preserving an affordable rental housing development.

POLICY 4: The City will continue to make code-enforcement inspections upon a complaint basis to assure that rental housing is maintained in habitable condition according to County Health Department standards.

POLICY 5: The City will work with the Nevada County Housing Authority to preserve Section 8 and other rent subsidy units in the City.

POLICY 6: The City will work with existing owners of "at-risk" subsidized rental housing, other public agencies, and interested non-profit housing corporations to maintain the affordability of government subsidized rental housing developments which could convert to market rate housing within the next ten years.

POLICY 7: The City will maintain an inventory of historic residential structures and pursue alternatives to work with property owners in preserving such structures.

GOAL E

TO ASSURE THAT ALL PRESENT AND FUTURE RESIDENTS HAVE EQUAL ACCESS TO HOUSING, COMMENSURATE WITH THEIR FINANCIAL CAPACITY, WITHOUT DISCRIMINATION

POLICY 1: The City will provide public information on state and federal fair housing laws.

POLICY 2: The City will refer discrimination complaints to the State Fair Employment and Housing Commission. A person will be designated at the City as the information contact for housing discrimination referrals.

POLICY 3: The City will cooperate with community-based organizations which provide services or information to victims of housing discrimination.

POLICY 4: The City will seek joint sponsorship with local homebuilders, real estate agents, and lenders of a periodic fair-housing public information campaign.

IMPLEMENTATION PROGRAMS

PROGRAM 1: Adequate Sites for Housing

Action: The City will cooperate with owners of vacant land surrounding the City to allow the annexation of land, as needed, to meet the City's housing needs. This program will consist of the following specific actions:

- 1) As land is annexed, the City will apply an appropriate zoning category that reflects environmental conditions and the City's remaining housing needs for the 1992-1997 period.
- 2) The City will concentrate its annexation efforts on unincorporated sites adjacent to the City which can easily be served by the City sewer system and which have the capacity to accommodate development at densities that would support low- and moderate-income housing (see Table 44 for a list of sites and the development potential of those sites). Because the City has identified a potential shortage of sites within the present City limits that could be developed at six or more dwelling units per acre for low- and moderate-income housing, sites appropriate for development at six dwelling units per acre or more should receive the highest priority for annexation.
- 3) The City will take the initiative by identifying those sites most appropriate for annexation to meet the City's share of the region's housing needs between 1992 and 1997, and by contacting owners and encouraging them to annex to the City.
- 4) As an incentive to property owners to induce them annex to the City, Grass Valley will reduce the up-front annexation fee and instead, charge the cost of connecting to City services (the primary purpose of the annexation fee) at the time those services are actually required for development. The City will also consider discounts of these fees for low-income housing developments.
- 5) The City will zone annexed land at the time of annexation based on the identified and appropriate development capacity (see Table 44) so that a subsequent rezone from R-1 to a higher density zone is not necessary for sites that can accommodate

six or more dwelling units per acre. This will permit needed multifamily housing by right at densities that can support low- and moderate-income housing.

- 6) For larger sites to be annexed to the City, Grass Valley will encourage applicants to use a planned development process to allow greater flexibility and variety in housing types and densities. The primary inducement for the use of this processes is the greater flexibility offered to land owners in the design of their development proposals. Planned development permits also facilitate the development of multifamily housing by right (that is, without the needed for subsequent rezoning or conditional use permits) by vesting the right to construct multifamily housing at the time a planned development permit is approved.
- 7) The City will adopt local funding mechanisms to ensure that public facilities and services can be extended to annexed land. The City's efforts to accomplish this action include a joint City-County Master Street Program to serve developing areas on the periphery of Grass Valley, publicly supporting the second efforts of both school districts to gain voter approval of bonds for school construction (the first proposed bond issue failed), and seeking sources of funding to expand and upgrade the City's sewer system (see also Program 19).

Discussion: To correlate land use categories with income groups, the following assumption is made: low-income housing needs can be met with land zoned at 18 dwelling units per acre or more (25 with a density bonus) that moderate-income housing needs can be met with land zoned at six to 20 dwelling units per acre, and that above moderate-income housing needs can be met with any residentially-zoned land. Under this assumption, the City should designate sufficient land for at least 30 low-income dwelling units and 119 moderate-income dwelling units, and 882 above moderate-income dwelling units. These numbers reflect the City's approval during 1990 and 1991 of 66 single family dwelling units affordable to above moderate-income households, 14 multifamily dwelling units affordable to moderate-income households, and one secondary dwelling unit affordable to a low-income household.

In assigning zoning to land to be annexed, the City should also plan for:

- ▶ land that can accommodate additional three- and four-bedroom rental housing units to alleviate overcrowding among large families, and
- ▶ land that can accommodate additional affordable ownership housing for moderate-income households. This will increase the availability of rental housing to low-income households and reduce the proportion of such households paying more than 30% of their income for housing expenses.

Responsibility: The Planning Department to process General Plan, zoning, and development requests, subject to approval by the City Council.

Funding Source: Application fees.

Timeframe: Identify sites to be annexed which are most needed to meet housing needs through 1997 by January 1, 1993. Commence discussions with land owners immediately thereafter and seek agreements with land owners to begin annexations by July 1, 1993. Complete annexations and zoning of most urgently needed sites between January 1, 1994 and July 1, 1994.

PROGRAM 2: Density Bonus

Action: The City will offer a density bonus of 25% and at least one other financial or regulatory incentive, as required by state law, whenever a developer proposes to include at least 10% very low-income dwelling units or 20% low-income dwelling units within a development.

For rental housing developments, the City will require, in exchange for the density bonus, that restrictions be imposed on the affordable units through a suitable legal instrument that ensures the affordability of those units for a minimum period of time and at a maximum cost as established by Section 65915 of California Government Code. As of January 1, 1992, this maximum cost is 30% of 60% of the median income for Nevada County.

For ownership projects, the City will require, in exchange for the density bonus, that purchasers meet established income guidelines and intend to occupy the affordable units as their primary residence. Purchasers will be required to reside in their units for a minimum period of time (as an anti-speculation mechanism) to avoid resale restrictions. If this minimum time period is not met, the City will reserve the right to recapture a portion of the profit on the sale of a dwelling unit.

The City will adopt an ordinance to implement the density bonus program in accordance with the requirements of state law. The ordinance will include income eligibility guidelines, provisions for applicant screening, a procedure for monitoring the continued affordability of affordable units, and a procedure for administering the requirements for ownership housing.

Discussion: Other incentives the City will consider on a case-by-case basis, in conjunction with density bonuses, include, but are not limited to: fee reductions or deferrals, expedited permit processing, contributions of redevelopment tax increment housing set-aside funds, applying for or providing technical assistance in applying for state or federal funds, and the consideration of alternative development standards to reduce development costs. The City will determine, on a case-by-case basis, the appropriate incentive(s) to offer to make a proposed affordable housing development financially feasible.

Responsibility: City Council to approve financial or regulatory incentives and an ordinance implementing the requirements of state law. Planning Department to implement City density bonus program as part of its development review responsibility.

Funding Source: Application fees to process density bonus requests. Funding source for financial incentives could from redevelopment housing set-aside fund.

Timeframe: Adopt implementing ordinance by July 1, 1993. Review density bonus requests on a case-by-case basis until ordinance is in place.

PROGRAM 3: Affordable Housing Requirements of Redevelopment Law

Action: The City will adopt formal policies and procedures implementing the affordable housing provisions of redevelopment law, which require that 15% of any privately constructed or rehabilitated dwelling units within the Redevelopment Area, and 30% of any dwelling units constructed or rehabilitated by the Redevelopment Agency anywhere in the City, be affordable to very low- and low-income households.

Responsibility: Redevelopment Agency to approve plan for use of housing set-aside funds. Planning Department to implement plan.

Funding Source: Redevelopment housing set-aside fund.

Timeframe: Adopt plan by January 1994. Implement plan thereafter.

PROGRAM 4: Pursue State and Federal Funding

Action : The City will pursue available and appropriate state and federal funding sources in cooperation with private developers, non-profit housing corporations, the Nevada County Housing Authority, and other interested entities to support efforts to meet the housing needs of low- and moderate-income households and to assist persons with rent payments required for existing units.

Discussion: Following are currently-funded (1992) state and federal programs the City specifically intends to pursue. These are programs with the greatest potential for success in Grass Valley:

Rental Housing Construction Program (RHCP). This program, funding for which has been re-established under Proposition 84 (1988), provides for the development of rental units by private, non-profit, or public agencies subject to the reservation 30 percent of the units for very-low and low-income households (two-thirds of which must be very-low). Funds can be used for long-term financing or a combination of long-term and construction loan financing.

If other programs become available, the City will evaluate the eligibility and feasibility of City use of funds from those programs.

Family Housing Demonstration Program. This is a state demonstration program that provides funding for the construction or rehabilitation of low-income rental housing projects that also provide support services and job training programs. The City would pursue an application under this program only if a non-profit housing corporation is interested in sponsoring such a project and can identify an eligible target population for the project.

Community Reinvestment Act Programs (CRA). Sponsored by the Federal Home Loan Bank Board and the Federal Reserve Bank Board, participating lending institutions provide funds at below-market interest rates for affordable housing developments. Examples of CRA-related programs include SAMCO (Savings Association Mortgage Co.), a consortium of state lending institutions, and AHP (Affordable Housing Program), a consortium of savings institutions in the Federal Home Loan Bank 12th District.

HOME Program. This is a new federal program which provided funds to local governments for a variety of housing rehabilitation, preservation, and new construction activities. Because Grass Valley would not be entitled to receive annual funding directly from HUD, it will need to apply annually for a pool of money allocated by HUD to the state.

Farmer's Home Administration 523/524 Program. The Farmer's Home administration provides technical assistance funds to public agencies and nonprofit housing sponsors for self-help housing. The use of this programs will depend on the City's ability to obtain the interest of a nonprofit housing corporation to develop a self-help housing project.

There are a number of other state and federal programs that provide grants, loans, or mortgage insurance for affordable housing development and in which eligible applicants are for-profit or non-profit home builders. Such programs include below-market interest rate loan programs from the California Housing Finance Agency, HUD, and FmHA, mortgage insurance programs from HUD and FmHA, and technical assistance programs to provide funding for pre-development activities (site acquisition, preparation of site and building plans, etc.). The City would lend its support to such applications through favorable land use policies, should eligible and financially feasible projects be submitted to the City. The City would also assist interested applicants in compiling any necessary community demographic or housing statistics that must accompany such an application.

Responsibility: Planning Department to identify appropriate programs for City involvement, subject to approval of applications by the City Council. Planning Department to provide necessary technical support to for developers seeking state or federal assistance for low- and moderate-income housing.

Funding Source: State or federal agency providing funding.

Timeframe: The timing of individual applications will depend on the funding cycle for each program. The City will determine the funding cycle for each program by December 1992. Within 30 to 60 days prior to the start of the application period for each program, the City will develop funding concepts and select the most appropriate activity based on the funding criteria for each program. Any necessary community or housing surveys that must accompany an application would also be completed during this time.

Technical assistance would be provided on an on-going basis as requested by other public agencies or private entities.

PROGRAM 5: Use of Tax Increment Funds for Affordable Housing

Action: The Redevelopment Agency may use tax increment revenues to subsidize on- and off-site infrastructure improvements that will directly benefit a lower-income housing development or to provide financing for lower-income housing projects. Tax increment funding will be one of several financial incentives the Redevelopment Agency will offer to developers to make the provision of low-income housing financially feasible. The Redevelopment Agency will develop guidelines for the use of tax increment funds for the development of affordable housing as part of the plan in Program 3.

Responsibility: Redevelopment Agency to approve use of tax increment funds in support of low-income housing.

Funding Source: Redevelopment tax increment funds.

Timeframe: Use of tax-increment funds on a case-by-case basis until plan is adopted (see Program 14) on January 1994.

PROGRAM 6: Mortgage Revenue Bonds

Action: The City will investigate the feasibility of applying jointly with other communities and/or Nevada County for an allocation from the state to issue mortgage revenue bonds or other mortgage backed securities, to assist in the development of affordable ownership and rental housing. The City will apply for at least one allocation. The financial feasibility of issuing bonds will depend on the ability of the Redevelopment Agency to raise the required 1/2% deposit (either from tax increment funds or developer contributions, or both), the size of the bond issue relative to the costs of issuing the bond, and the interest rate at which the bonds can be sold.

Discussion: The level of development in, and administrative capacity of Grass Valley, do not support an independent application on the part of the City. The City could apply for an allocation through a consortium of communities in the foothills, however. Grass Valley will explore this possibility. Mortgage Revenue Bonds can also be used through various California Housing Finance Agency (CHFA) programs in which the City or

Redevelopment Agency supports a developer's application for multi-family or single-family housing for low- and moderate-income households.

MRBs allow the Redevelopment Agency to offer the low-interest mortgage loans to those experiencing difficulty in obtaining financing.

MRBs for single family housing are issued to finance the purchase or rehabilitation of owner-occupied homes. Proceeds from the bonds sales are used to make mortgage or rehabilitation loans to qualified low- or moderate-income home buyers. The bonds are serviced and repaid from the mortgage payments made by the property owners.

MRBs for multi-family housing are used to finance construction and mortgage loans as well as capital improvements, for multi-family housing. Federal law requires that 20 percent of the total units in an assisted project be reserved for lower-income households. State legislation approved in 1985 requires that one half of the reserved units be set aside for very low-income households.

Responsibility: Planning Department to identify the feasibility of a joint-application and appropriate projects for City involvement, subject to approval of the use of mortgage bonds by the Redevelopment Agency.

Funding Source: Fee to apply for an allocation could come from redevelopment housing set-aside funds and/or developer contributions.

Timeframe: Determine feasibility of issuing a bond in June 1994, and, if feasible, apply for a joint allocation in 1995.

PROGRAM 7: Weatherization and Energy Conservation for Existing Dwelling Units

Action: The City will post and distribute information on currently available weatherization and energy conservation programs in conjunction with housing rehabilitation.

Responsibility: Planning Department.

Funding Source: CDBG, private weatherization services.

Timeframe: Collect information from weatherization service providers, being posting information by January 1, 1993.

PROGRAM 8: Energy Conservation for New Construction

Action: The City will enforce state requirements, including Title 24 requirements, for energy conservation in new residential projects and will encourage residential developers to employ additional energy conservation measures with respect to the siting of buildings.

landscaping, and solar access. Any landscaping and development design guidelines prepared by the City will include consideration of energy and resource conservation.

Responsibility: Planning Department.

Funding Source: Application fees to review development proposals.

Timeframe: Current and ongoing.

PROGRAM 9: Housing Rehabilitation Programs

Action: The City will continue to use local, federal, and state for funds for housing rehabilitation.

Discussion: Among the programs the City will use, if feasible, are:

State Community Development Block Grant Program (CDBG). The CDBG program provides funding annually for three eligible activity areas: housing, public facilities, and economic development. Activities must address one of the following three objective: serve lower-income people, eliminate slums or blight, or resolve urgent community development needs. Grass Valley receives an "entitlement" share of CDBG funds each year.

Rental Rehabilitation Program. This program provides partial funding for low-income housing rehabilitation.

California Housing Rehabilitation Program. The owner-occupant component of this program provides funding to local governments for rehabilitation loans to low-income homeowners. The rental component of this program provides funding directly to eligible rental property owners. The rental housing component of this program provides funds directly to rental property owners for housing rehabilitation.

AHP Program from the 12th District Federal Home Loan Bank includes a rehabilitation component.

Other federal programs provide funds to rehabilitate rental units in subsidized developments at risk of converting to market rate housing and to rehabilitate public owned or managed rental developments. In addition, the California Housing Finance Agency has a small amount of funds available for rental housing rehabilitation. The City would investigate the feasibility of using these sources for identified owner and renter-occupied housing.

The City could leverage these private, state, and federal sources of funding with local redevelopment funds.

Responsibility: Planning Department to identify potential programs and projects, subject to approval of the City Council.

Funding Source: State and federal programs from which City receives funding.

Timeframe: Current and ongoing.

PROGRAM 10: Community Reinvestment Act

Action: The City will contact financial institutions serving Grass Valley to solicit interest in providing financing to for low- and moderate-income housing as part of their responsibility under the federal Community Reinvestment Act. The City will seek specific lending commitments to be used in conjunction with Redevelopment Agency funds and state and federal funds.

Discussion: The City will seek participation by lenders using two financing mechanisms: The Saving Association Mortgage Company (SAMCO) and the California Community Reinvestment Corporation. SAMCO is a non-profit financing corporation established by participating savings institutions to provide financing for affordable housing developments. CCRC is the commercial banking equivalent.

Responsibility: Planning Department.

Funding Source: Participating lending institutions.

Timeframe: Contact and identify interested lending institutions by January 1, 1993. Refer affordable housing developers to interesting lending institutions on a continuing basis thereafter.

The City contacted lenders in early 1993, but there was no interest in participating in a specific program due to local market conditions. The City will re-establish contacts annually. The next contact will be with lenders will take place in October 1994.

PROGRAM 11: Annual Housing Element Monitoring Report

Action: The Planning Department will annually evaluate and report to the City Council on the City's progress in meeting its Housing Element objectives. The report to the City Council will include recommendations regarding for changes in Housing Element programs. The report will also include the following information, only to the extent applicable and in as much detail as appears warranted each year:

- ▶ progress made toward achieving the City's fair-share housing allocation,
- ▶ a summary of efforts taken to improve the condition of the City's housing stock (e.g., CDBG-supported rehabilitation loans),

- ▶ an inventory of remaining vacant sites in zones suitable for the development of housing for low-income households,
- ▶ a summary of efforts undertaken to relocate residents displaced by redevelopment and to replace affordable units lost as a result of redevelopment,
- ▶ a progress report on actions to meet special housing needs, and

The City Council will decide, based on this annual evaluation of the its progress, whether or not to adjust its program actions or to adopt new program actions.

Responsibility: Planning Department.

Funding Source: General Fund.

Timeframe: Report July 1 of each year.

PROGRAM 12: Section 8 Program

Action: The City will continue to cooperate with the County Housing Authority in its administration of the Section 8 rental assistance program and to increase the availability of Section 8 vouchers and certificates in Grass Valley. The City's role will be to provide necessary documentation to the Housing Authority to apply for additional Section 8 commitments.

Responsibility: Planning Department/Housing Authority.

Funding Source: Housing Authority.

Timeframe: Current and ongoing.

PROGRAM 13: Allow Alternative Housing Types

Action. The City will continue to allow secondary dwelling units, group homes, homeless facilities, manufactured homes on individual lots, and mobilehome parks according to the requirements of state law.

Responsibility: Planning Department for application review, Planning Commission/City Council for approval.

Funding Source: Application fees to review development proposals.

Timeframe: Current and ongoing.

PROGRAM 14: Development of Plan for the Use of Redevelopment Housing Set-Aside Funds.

Action: The Redevelopment Agency will establish, and periodically update, a set of policies and procedures to guide the implementation of the low- and moderate-income housing requirements for redevelopment tax increment revenues. This should include establishing a discrete Housing Fund and outlining priorities for the expenditure of Housing Fund monies. Potential activities which can legally be supported by the Housing Fund include the following:

- ▶ Acquisition of land for the development of affordable housing during the 1992-97 period;
- ▶ Provision of short- and long-term development financing assistance to developers of low- and moderate-income units;
- ▶ Provision of grants or low-interest loans for housing rehabilitation or conversion;
- ▶ Advancement of funds to developers of affordable units who are eligible for other federal or state funding assistance which is not immediately available--repayment of advanced funds can be conditioned on receipt by the developer of other assistance funds;
- ▶ Planning, designing, and construction of low- and moderate- income housing;
- ▶ Payment of predevelopment costs for developers of affordable housing; and
- ▶ Construction of on- and off-site improvements necessary to support the private development of low- and moderate-income housing.

Responsibility: Planning Department to prepare plan for approval by the Redevelopment Agency.

Funding Source: Redevelopment Agency housing set-aside funds. The Grass Valley Redevelopment Agency has accumulated \$48,240 in unused redevelopment tax-increment housing set aside funds as of August 1992, and projects that an additional \$290,000 will be available between August 1992 and July 1997.

Timeframe: Adopt plan by June 1994, implement thereafter.

PROGRAM 15: Fair Housing Program.

Action: The City will continue to promote equal housing opportunity for all persons regardless of race, religion, sex, marital status, ancestry, nation origin, or color by

supporting efforts of community groups which provide counseling, investigatory, legal, or referral services to victims of discrimination. Specifically, the City will:

- ▶ Maintain information on state and federal fair housing laws at the Planning Department for public distribution,
- ▶ Designate an individual at the City to refer victims of housing discrimination to the appropriate local organization or to the State Fair Employment and Housing Commission, and
- ▶ Seek the cooperation of the local homebuilders association, Realtor association, and lenders in disseminating fair housing information.
- * Develop a program to publicize the fair housing complaint process, including the preparation of press releases to the local media, notices to community and church groups, and the distribution of fair housing information to places of public gatherings (library, post office, City Hall, etc.). The publicizing of fair housing through the above actions would occur annually.

Responsibility: Planning Department.

Funding Source: General Fund.

Timeframe: Have information available to the public and establish referral procedures by January 1, 1993. Publicize the referral service and distribute fair housing information annually thereafter.

PROGRAM 16: Handicapped Accessibility.

Action: The City will continue to implement state standards for accessibility in new housing by handicapped individuals. The City will encourage developers of affordable housing to incorporate mobility-impaired accessibility in their project design, and require such design considerations in any development projects in which the City provides funding, financial or regulatory incentives, or acts as on behalf of the developer as an applicant for state or federal funding.

Responsibility: Planning Department.

Funding Source: Not applicable.

Timeframe: Current and ongoing.

PROGRAM 17: Mixed Use Developments.

Action: The City will encourage housing over street-level commercial uses in the downtown area, when such a development approach can contribute to the City's balance of housing in relation to jobs or provide affordable housing for low- and moderate-income households. Encouragement of this type of development would occur primarily through a flexible regulatory approach which allows the conversion of residential hotels and commercial spaces above street-level for year-round residential use.

The City could further encourage the production of housing in its downtown area through the provision of low-cost "gap" financing from the Redevelopment Housing Set-Aside funds.

Responsibility: Planning Department to review development applications, subject to Planning Commission and City Council approval.

Funding Source: Application fees to review development proposals.

Timeframe: Current and ongoing for development review. See Program 14 for redevelopment housing plan timeframe.

PROGRAM 18: Preservation of At-Risk Housing

Action: The City will work with property owners, other public agencies, and non-profit housing corporations to preserve existing subsidized rental housing in which the owner could increase rents to market rates within the next ten years.

To encourage existing owners to maintain the affordability of such rental housing, the City would offer low-interest rehabilitation loans from its Redevelopment Housing Set-Aside Fund, subject to the availability of funding at the time of request; assist owners in applying for state or federal low-interest rehabilitation loans; or provide "gap" financing to interested public agencies or private non-profit housing corporations interested in purchasing "at-risk" rental housing developments.

There are 176 rental dwelling units in projects which could convert to market-rate rents within the next five years, and 83 additional dwelling units in projects which could convert within the next ten years.

Responsibility: Redevelopment Agency.

Funding Sources: State and federal funds, Redevelopment Housing Set-Aside Fund.

Timeframe: 1994-2001, depending on dates at which owners could convert housing to market rents.

PROGRAM 19: Increase Sewer Capacity

Action: The City will continue to pursue state or federal and local funding to expand its sewer treatment capacity so that the City can meet its share of the region's housing needs with the burden of expansion costs shifted to new development rather than existing rate payers.

Responsibility: Finance and Public Works Department.

Funding Sources: State and or federal grants or loans, developer participation, assessment districts, advance sale of connection rights, certificates of participation, etc.

Timeframe: The City has already sought appropriate federal financing arrangements to expand the wastewater treatment capacity to accommodate new growth. The City will know whether or not its application has been approved by early 1993. If denied, the City will immediately consider other state or federal funding options, through applications for state or federal grants or loans, or other funding mechanisms relying on developer participation, assessment districts, advance sale of connection rights, certificates of participation, or other means.

If the City is successful in receiving FmHA funds, construction on a new sewer plant could begin as early as June 1993 and be completed in time to allow for development between June 1994 and July 1997 to meet the City's share of the region's housing needs.

The City Council has determined that new growth must pay its own way and not increase the cost of existing rate payers, so to ensure that development can proceed within the timeframe covered by this Housing Element, Grass Valley will attempt to have a suitable local funding mechanism established no later than September 1993 if state or federal funding is denied. Under this timeframe, the City would seek to begin construction of a new sewer plant in October 1993, or as soon as whether permits in 1994, so that development can proceed to address the City's remaining share of the region's housing needs through 1997.

PROGRAM 20: Reduce Regulatory Barriers to Affordable Housing

Action: The City will review and revise its zoning standards and permit process to encourage the production of ownership housing for moderate-income households and to assure that zoning requirements do not unreasonably impact low-income housing proposals. Among the standards for consideration are:

- ▶ reduction of the minimum 10,000 square foot lot size on a case-by-case basis for single family developments in Planned Unit Developments on large tracts of land to be annexed to the City, provided that such a reduction is tied to the provision of housing affordable to low- or moderate-income households, and the topography of the site could support a reduction in lot sizes;

- ▶ increase in development flexibility in the R-2A zone to encourage patio homes, townhouses, attached homes, zero lot-line homes, and other types of ownership housing that are potentially affordable to moderate-income households;
- ▶ addition of an economic/financial feasibility criterion to the City's design review standards so that less costly design alternatives can be explored by developers to encourage the production of housing affordable to low- and moderate-income households; and
- ▶ a reduction in the number of parking spaces otherwise required by the zoning code when a developer can demonstrate that less parking is needed (for example, in the case of an elderly housing proposal, housing located next to public transit, or housing in a mixed-use development where residents work at places of employment within the development).
- ▶ providing priority processing to low- and moderate-income housing proposals when "fast-tracking" such applications is necessary to secure state or federal funding or control of the site for the housing proposal.
- ▶ identifying and rezoning one or more sites suitable for a density of between 25 and 30 dwelling units per acre to meet the City's housing construction objective for low-income households.

Responsibility: Planning Department to recommend changes to the Planning Commission, subject to City Council approval.

Funding Sources: Not applicable.

Timeframe: Planning Department to recommend changes to Planning Commission by December 1993. Planning Commission to forward its recommendations to the City Council by March 1994. City Council to adopt changes to zoning code by July 1994.

PROGRAM 21: Designate Appropriate Locations for Homeless and Transitional Housing

Action: The City will review and revise its zoning code to identify zones in which homeless and transitional housing will be allowed.

Discussion: Under the City's present zoning practice, homeless shelters can be permitted as "group homes" in R-3 and commercial zones. Transitional housing is considered a residential use by the City and is allowed in any zone permitting residences. The City will revise its zoning code to reflect its current zoning practices and to specifically identify homeless shelters and transitional housing as permitted uses.

Responsibility: Planning Department to recommend changes to the Planning Commission, subject to City Council approval.

Funding Sources: Not applicable.

Timeframe: Planning Department to recommend zoning code changes to Planning Commission by December 1993 and forward to City Council by March 1994. City Council to adopt changes to zoning code by July 1994.

PROGRAM 22: Encourage the Use of Development Agreements

Action: The City will encourage developers to enter into agreements with Grass Valley, vesting the developer's right to proceed with a project under the regulations in effect at the time of application, in exchange for commitments from developers on providing or establish a financing mechanism for necessary public facilities that serve new development.

Discussion: The primary inducement for a developer to enter into such an agreement is the guarantee that subsequent changes in land use regulations will not affect the proposed project during the time period covered by the agreement.

Responsibility: Planning Department to discuss the benefits of this option with developers at the time of application or during pre-application conferences. Planning Department will be responsible for preparing development agreements, subject to review by the Planning Commission and approval of the City Council.

Funding Sources: Application fees.

Timeframe: Discuss this option prior to the submission of development applications.

QUANTIFIED OBJECTIVES
July 1, 1992 to July 1, 1997

	<u>Very Low</u>	<u>Lower</u>	<u>Moderate</u>	<u>Above Moderate</u>	<u>Total</u>
New Construction	0	30	108	874	1,012
SPO Allocation 90-97	0	31	133	948	1,112
Met as of 7-92	0	1	25	74	100
Met as of 5-93	0	0	0	6	6
Rehabilitation	40	50	0	0	90
Preservation*	164	141	0	0	305

NOTE: The Grass Valley new construction share for the 1990-1997 period, per the Sierra Planning Organization regional housing allocation plan, is 1,112 dwelling units, consisting of 0 dwelling units for very-low income households, 31 dwelling units for low-income households, 133 dwelling units for moderate-income households, and 948 dwelling units for above moderate-income households. Between 1990 and July of 1992 (part of the SPO Plan period covered by the City's previous Housing Element), the City approved building permits for 74 single family dwelling units affordable to above moderate-income households, 25 multifamily dwelling units affordable to moderate-income households, and one secondary dwelling units affordable to a low-income household. Between July 1992 and May 1993 (the initial period covered by this Housing Element), the City approved building permits for 6 single family dwelling units affordable to above moderate-income households.

* Rental units at-risk of conversion to market-rate housing.



CITIZEN PARTICIPATION PLAN

The following plan describes how the City has involved and will continue to involve the public in the Housing Element update process. Steps and procedures have been undertaken to ensure that the views of all the local residents have been fully considered.

A workshop to describe the purpose of the Housing Element and to provide a more intensified opportunity for public comment and involvement was held in June 1992, at the City Council Chambers. In addition to the workshop, the City intends to conduct a public hearing with the Planning Commission and a public hearing before the City Council prior to adoption of the new Housing Element. Notices of all hearings and the workshop have been, and will continue to be, posted in the local newspaper and at City Hall at least ten days prior to the meetings.

Agencies and groups involved with low-income people, housing development, the local school district, elderly, minorities, and disabled persons will receive drafts of the Housing Element prior to adoption.

Fair Housing Practices

As part of the public notice and information procedures described in this plan, the City will include in any publicly disseminated information on the Housing Element specific language which invites all members of the community to participate in the Housing Element update, and advising the public that the City of Grass Valley does not discriminate in housing or employment opportunities, regardless of race, color, national origin, age, sex, marital status, handicap, or other arbitrary factors.

In general, the citizens of the City of Grass Valley have for many years taken great interest in actively involving themselves in issues concerning their community.

Additional comments and recommendations received at the hearings will be incorporated as appropriate into the final version of this Housing Element.